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MONTANA

Department of Commerce

STATE OF MONTANA CONSOLIDATED PLAN PERFORMANCE REPORT

APRIL 1, 2003 TO MARCH 31, 2004



Montana Department of Commerce
Housing Division

(406) 841-2820

TDD: (406) 841-2702

<http://housing.state.mt.us/>





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STATE OF MONTANA
CONSOLIDATED PLAN ANNUAL PERFORMANCE REPORT
APRIL 1, 2003 TO MARCH 31, 2004

EXECUTIVE SUMMARY

The Consolidated Plan Annual Performance Report reviews the activities, actions, and resources Montana planned for and used during Plan year April 1, 2003 through March 31, 2004. It also assesses Montana's progress toward meeting the housing goals outlined in the State's Consolidated Five-Year Plan.

This Executive Summary provides an overview of the annual performance of three Housing and Urban Development (HUD) grant programs in relation to the goals, actions, and objectives set forth in the Annual Action Plan for the Plan year beginning April 1, 2003 (Federal Fiscal Year 2003). The Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) formula programs identified four basic goals pertinent to the Consolidated Plan:

1. Securing decent housing
 2. Providing a suitable living environment
 3. Expanding economic opportunities
 4. Assisting communities with their greatest community development needs, whether in the area of housing, economic development or public facilities
- Providing decent housing may involve increasing the availability of permanent affordable housing for low-income households without discrimination, assisting homeless people obtain appropriate housing, retaining and enhancing the quality of the affordable housing stock, and increasing supportive housing to assist persons with special needs.
 - Providing a suitable living environment means improving the safety and livability of neighborhoods, improving community infrastructure, providing housing opportunities, revitalizing neighborhoods, restoring and preserving physical features with unique historic and architectural value, and conserving energy resources.
 - Expanding economic opportunities emphasizes creating accessible jobs, providing access to credit for community development, and assisting low-income persons achieve self-sufficiency in federally-assisted and publicly-owned housing.
 - Assisting communities with their greatest community development needs, whether in the area of housing, economic development or public facilities, provides an opportunity for a community to fully assess the overall needs of an area and select the assistance which provides the most significant impact to the community.

The combination of an influx in population, economic restructuring, aging infrastructure, and falling real wage rates have had adverse effects on Montana's economic well-being. Assessing and solving the difficult problems has outgrown what narrow, functional programs offer. Montana's priority-needs demand links between human, economic, physical, environmental, and design concerns to build communities of opportunity. In order to comprehend fully the complex problems associated with meeting the goals set forth, the consolidated planning process must collect the knowledge that exists in the community, from citizens, local governments, private business, community-based organizations, and universities.

In conjunction with the public and private citizens, the Montana Department of Commerce (MDOC) formulated an annual action plan for the Consolidated Plan (CP). Individual goals and objectives were set for Montana's housing, homelessness, economic development, and infrastructure and public facility needs, as outlined below.

Housing:

- A-1. Relieve the shortage of available housing stock;
- A-2. Increase the stock of affordable rental units, especially assisted units;
- A-3. Promote resources available to build affordable housing units;
- A-4. Increase ability of low and moderate-income households to buy homes;
- A-5. Increase resources to finance housing maintenance and improvements;
- A-6. Simplify housing assistance programs;
- A-7. Increase energy efficiency in Montana's housing stock;
- A-8. Increase assisted living housing for the elderly and physically and mentally disabled;
- A-9. Increase group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI);
- A-10. Decrease housing environmental hazards such as lead-based paint, asbestos, or black mold;
- A-11. Allow local communities to identify their own needs and develop their own initiatives;
- A-12. Continue ability of MDOC to provide technical assistance;
- A-13. Increase awareness of housing needs for minority and "special needs" populations and assist in building local capacity to meet those needs;
- A-14. Increase the supply of affordable rental units and homes for purchase;
- A-15. Continue to encourage homeownership training at the local level;
- A-16. Increase awareness of and monitor the level of predatory lending practices;
- A-17. Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing; and

- A-18. Evaluate applications from eligible participants based on the identified needs of the community, which may include a combination of job training or other welfare reform goals, along with housing goals.

Homelessness:

- B-1. Secure available resources for persons requiring supportive and transitional services;
- B-2. Assist persons requiring supportive and transitional services to achieve permanent housing;
- B-3. Assist in meeting the supportive services needs for the homeless;
- B-4. Assist in increasing capacity and counseling services for runaway youth;
- B-5. Assist in securing stable funding sources for existing homeless facilities and services; and
- B-6. Continue to support the statewide continuum of care strategy to ensure emergency, transitional, and permanent housing.

Economic Development:

- C-1. Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans;
- C-2. Increase economic activity which adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources;
- C-3. Increase economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- C-4. Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana;
- C-5. Allow local communities to identify their own needs and develop their own initiatives;
- C-6. Assist businesses and communities in achieving prosperity through various state and federal programs;
- C-7. Assist new and expanding businesses with employee training needs through customized labor training grant funding;
- C-8. Assist micro-enterprise development through technical assistance grant funding;

- C-9. Assist communities and small businesses participating in the state rural outreach program for Small Business Innovation Research/Small Business Technology Transfer programs; and
- C-10. Place a high consideration on funding companies that create jobs that pay at least \$11.81 per hour in salary or salary plus benefits.

Infrastructure and Public Facilities:

- D-1. Provide Planning Grants necessary to get a project under way, or to conduct other important community planning activities such as preparing or updating a comprehensive plan or growth policy, preparing a neighborhood redevelopment plan, a comprehensive plan or growth policy, capital improvement plan, or similar planning processes needed to help a community address critical needs. The preparation or updating of community comprehensive plans or growth policies must be consistent with the requirements of Senate Bill 97, passed by the 1999 Montana Legislature.
- D-2. Continue to provide technical assistance to communities; and
- D-3. Fully award all CDBG public facility funds.

Actions regarding the preceding objectives for housing, homelessness, economic development, and infrastructure over the past twelve months include the following:

- The Montana statewide Continuum of Care was successful in receiving funding for Supportive Housing Programs and Transitional Housing with supportive services (see page 20), handling several thousand cases.
- On May 7, 2004, Montana's Governor Judy Martz announced an initiative to combat homelessness in Montana by establishing the Montana Council on Homelessness (see page 77) and releasing the report, *Homeless in Montana*. The report was developed by the MDPHHS Intergovernmental Human Services Bureau with the aid of the Montana Continuum of Care Coalition and a private consultant. The report can be accessed at:
http://www.dphhs.state.mt.us/homeless_in_montana.pdf
- Steps continue to be undertaken to refine the Uniform Application for housing projects. Participants in this effort include the Montana Department of Commerce's Board of Housing, Community Development Block Grant and Home Investment Partnerships Programs, and Low Income Housing Tax Credit Program, and the U.S. Department of Agriculture, Rural Development Program (USDA RD).
- Employee Training continued as an eligible activity in the Plan year ended 2004. Employee Training was added in the Plan year ended 2001 by the CDBG-ED Program as an eligible, stand-alone project activity for new and expanding businesses that create additional jobs.
- Montana updated the *Economic and Demographic Analysis of Montana* and the *Economic and Demographic Databook*. The purpose of this analysis is to provide current information for the Consolidated Plan regarding housing and community

development. The goals are to analyze the economy, assess data pertaining to the demographic attributes that were updated during the 2000 Census. For the first time, the MDOC was able to post the *Economic and Demographic Databook* on its webpage:

http://housing.state.mt.us/Hous_ConsPlan.html

- The *Housing Resource Directory*, which includes descriptions of a variety of federal, state, and local housing program available in Montana, was updated during the program year. The Directory and the associated Reference Guide are meant to provide an overview of the available programs around the State along with contact information.
- The long awaited housing plan book has been printed and is available to the public. The official title of the book is *Montana Housing Solutions – Designing for Comfort & Quality*. Currently the book is being distributed free of charge, but it is anticipated that a small fee may be charged in the future to cover printing costs. The process for updating the book is being considered by the development committee.
- The Montana House – Montana Made Homes Program is a partnership with the Montana Board of Housing and the Anaconda Job Corp. The MBOH will provide the financing and the Job Corp will provide the labor to build approximately four 960 square foot modular homes that will be available for sale to low-income families around Montana.
- The MDOC also continued to administer a technical assistance planning grants program funded by CDBG monies used to assist communities with housing, public facility, and economic development planning activities needs. During the Plan year, the CDBG Housing and Public Facilities Programs funded 16 technical assistance matching grants for a total of \$220,250. The CDBG-ED program funded nine technical assistance planning grants and two contracts for technical assistance services, for a total of \$225,000.
- The CDBG-ED program staff provides on-going technical assistance to the 60-plus CDBG-funded RLFs across the State.
- In program year 2003, the CDBG-ED program and CDBG Housing and Public Facilities programs contracted with Montana Economic Developers Association (MEDA) to provide technical assistance to Montana communities through Resource Team Assessments in Montana communities. As a part of this process, MEDA assembles a team of community and economic development professionals who cooperatively work with the community members who have an opportunity to share with the Resource Team Members the challenges, strengths, and personal goals of their community. This allows the community to develop its own goals and initiatives for community development. Technical assistance through MEDA does not end with the assessment; there are ongoing follow-up visits to help the communities follow through with their identified goals.
- HOME Program applicants and CHDOs continue to receive technical assistance from two HUD-sponsored Technical Assistance Providers: Rural Community Assistance Corporation and Rural Collaborative. The support provided by the

technical assistance providers has been invaluable to the HOME program and for the continued viability of successful HOME projects. While HUD's emphasis on technical assistance resulting in HOME-assisted units is understandable, it does not always support Montana's HOME Program goals. The support and expertise offered by the TA Providers in facilitating workshops is very helpful in reaching potential applicants.

- In partnership with the states of North Dakota and South Dakota, the State of Montana received its first Housing Opportunities for Persons With AIDS (HOPWA) grant through HUD's competitive grant process in December 2002. The Montana Department of Public Health and Human Services administers the tri-state grant funds and contracts with Montana State University (MSU) to administer the grant. MSU monitors four regional sponsors that provide assistance to low-income individuals with HIV/AIDS in the tri-state area. (See page 14.)

In addition, the following documents are available from the MDOC upon request and provide information related to housing, infrastructure, and economic development needs:

1. Economic and Demographic Analysis of Montana, Volumes I, II & III
2. Economic and Demographic Databook
3. Montana Five-Year Consolidated Plan
4. Price of Housing in Montana
5. Economic Benefits of MDOC Housing Program Activities
6. Infrastructure Demand in Montana
7. Montana Home Mortgage Disclosure Act Analysis
8. Analysis of Impediments of Fair Housing
9. Housing Condition Study
10. Fair Housing Advertising in Montana (brochure)
11. Montana Housing Resource Directory
12. Inventory of Infrastructure Needs
13. Inventory of Water and Wastewater Needs for Unincorporated & Non-District Areas
14. Consolidated Plan Annual Performance Report
15. Roadmap for a New Economy
16. Corporation for Enterprise Development (CFED) Survey on Montana's RLF Industry

PART I - ANNUAL PERFORMANCE REPORT

SECTION A - RESOURCES MADE AVAILABLE TO THE STATE

The following discussion separates federal and State funding sources and addresses components pertinent to individual program activities.

I.A.1 FEDERAL SOURCE - STATE ADMINISTRATION

Community Development Block Grant (CDBG) Program

The Community Development Block Grant (CDBG) Program is a federally funded grant program designed to help communities with their greatest community development needs. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD). All projects must be designed to principally benefit low- and moderate-income families. In Montana, the CDBG program is administered by the Business Resources and Community Development Divisions within the Montana Department of Commerce (MDOC). For the Plan year ended March 31, 2004, the State received \$7,846,000 in federal CDBG funds. Of these dollars, \$2,503,540 was allocated to the Business Resources Division for economic development projects. Another \$3,299,635 was allocated for public facility projects and \$1,482,445 was allocated for housing projects, administered by the Community Development Division. The CDBG programs also set aside a combined \$425,000, \$225,000 for CDBG Economic Development (ED) and \$200,000 for CDBG Housing and Public Facilities, during the Plan year for technical assistance grants to local governments related to housing, public facilities, and community development activities.

CDBG Housing and Public Facilities also allocated its FFY 2004 funds during the Plan year ended March 31, 2004. Out of the \$8,013,727 the CDBG programs will receive for FFY 2004, the Community Development Division allocated \$3,374,475 for public facility projects and \$1,516,068 for housing projects. (See discussion regarding the accelerated grant competition on page 11.) The Business Resources Division was allocated \$2,557,772 for its projects.

The Business Resources Division also manages an EDA Revolving Loan Fund (RLF), which was originally funded in 1990 by an \$840,000 grant from the federal Economic Development Administration (EDA). The EDA grant plus \$300,000 of matching CDBG funds initially targeted a project under EDA's Sudden and Severe Economic Deterioration Area program. All payments from loans made through the EDA RLF are required to be made to the MDOC and cannot be retained by the local government. The total loan repayments to the MDOC capitalize a State EDA revolving loan fund. Once loan repayments reach \$100,000, funds are available for loans. The Department made one loan during the program year to Yellowstone County on behalf of the Cattle Development Center.

Through the Governor's Discretionary Fund, under the Workforce Investment Act (WIA) and the Montana Department of Labor and Industry (MDOLI), the CDBG Economic Development Program continued to administer 11 WIA contracts for employee training. These contracts totaled \$628,735 in WIA funds that were matched dollar for dollar by the businesses assisted.

Home Investment Partnerships (HOME) Program

Also funded by the federal Department of Housing and Urban Development, the Home Investment Partnerships (HOME) Program provides grant funds to units of local government and community housing development organizations to own, sponsor, or develop affordable housing for low-income persons. The MDOC Housing Division administers the HOME program. The purposes of this program include expanding the supply of affordable housing for low- and very-low-income persons, improving the means for State and local governments to implement strategies to achieve adequate supplies of decent, affordable housing, and providing both financial and technical assistance to participants to develop model programs for affordable, low-income housing. Funds available in the Plan year ended March 31, 2004 totaled \$4,621,935, including recaptured and carryover funds and recaptured program income. In addition, \$116,065 of HOME's total allocation went to the City of Missoula when it became a new participating jurisdiction.

Emergency Shelter Grant (ESG) Program

The federal Housing and Urban Development Emergency Shelter Grant (ESG) program is administered by the Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services (MDPHHS). The program received \$369,000 in the Plan year ended 2004.

Created in 1986, ESG provides funding for a broad range of eligible activities, including conversion, renovation, and rehabilitation of facilities; operation of facilities; delivery of essential services; and prevention of homelessness. ESG funding enables service providers to expand available emergency shelter capacity to broaden the range of services available to clients. ESG-funded entities may be either shelter or non-shelter providers.

Montana Department of Environmental Quality (MDEQ) Technical and Financial Assistance Program

The Montana Departments of Natural Resources and Conservation (MDNRC) Environmental Quality (MDEQ) co-administer Montana's Water Pollution Control State Revolving Fund (WPCSRF) and Drinking Water State Revolving Fund (DWSRF) Loan Programs.

- Water Pollution Control State Revolving Fund

The WPCSRF program is designed to combine federal grant money with state matching money to create a low interest loan program that funds community wastewater treatment projects. The U.S. Environmental Protection Agency (EPA) makes a grant of federal funds to the State. The State must match 20 percent of that grant. The State's share is derived from the sale of state general obligation bonds. MDNRC makes loans to public entities at an interest rate of 4 percent for up to 20 years.

Since the WPCSRF program started, the State of Montana has issued \$19.2 million in general obligation bonds, and EPA has contributed \$107 million in grants. These state bonds and federal grants, together with \$18 million in "recycled" (unpaid) loan funds, account for the \$144.2 million program level. Seventeen loans were closed in the 2003 construction season for a total of \$26.3 million. The program expects to make loans of \$25 million in FY 2004.

- Drinking Water State Revolving Fund Loans

The program provides funds for training, technical assistance, and issuing low interest loans to local governmental entities to finance drinking water facilities and implement the Safe Drinking Water Act. State enabling legislation was passed in 1995 and amended in 1997, after the U.S. Congress passed federal enabling legislation in August 1996. MDNRC and MDEQ co-administer the Drinking Water Program. The two agencies applied for the federal funds in January 1998.

The state has issued \$10.3 million in general obligation bonds, EPA has obligated \$37 million, and \$9 million in recycled funds have been used to fund loans, for a program level of \$56.3 million. Six loans totaling \$6.3 million were closed in the 2003 construction season and two existing loans were increased by the borrowing communities. No loans are made over the 4 percent interest rate. MDNRC projects that \$10 million in drinking water loans will be made to communities in Montana in FY 2004.

U.S. Department of Energy (DOE) Energy Programs

The U.S. Department of Energy (DOE) funds available for weatherization assistance totaled \$2,475,828. The program is administered by the MDPHHS.

Low Income Housing Tax Credit Program (LIHTC)

The low income housing tax credit is available under Section 42 of the Internal Revenue Code of 1986. The credit is a federal income tax credit for owners of qualifying rental housing meeting certain low-income occupancy and rent limitation requirements. The amount of tax credit that may be allocated annually for housing is limited to \$2.075 million per year plus a cost of living increase for Montana. The Montana Board of

Housing (MBOH) is the State agency that administers the program and allocates tax credits for housing located in Montana.

U.S. Department of Agriculture Rural Development Program

The U.S. Department of Agriculture Rural Development (USDA RD) program funds several different housing programs. These include Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504) Guaranteed Rural Housing Loans (GRH). These programs are designed for very low-, low-, and median-income borrowers. In addition, Rural Development Programs also fund Community Facilities Loans and Grants, Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance, and Housing Preservation Grants.

Tenant Based Section 8 Housing Assistance Programs – Certificates, Rental Vouchers and Moderate Rehabilitation

Financed by HUD and administered by the Montana Department of Commerce Housing Division, Tenant Based Section 8 (TBS8) Housing Assistance Programs allow very low-income families to pay a set amount for rent and utilities, based on their gross adjusted income (currently 30%). Very low-income families have incomes of 50 percent or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 program, using 40 local field agents in eleven locations throughout the State, provides field services: issuing assistance documents, performing inspections, and examining annual income. The Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,639 units.

The Moderate Rehabilitation (Mod Rehab) program is a project-based program containing 433 rental units. TBS8 subsidizes the rental units, provides a list of prospective tenants to owners, and inspects the rental units annually to insure continued compliance with HQS.

Project Based Section 8

The Montana Project Based Section 8 (PBS8) program performs as a HUD contractor for management and oversight activities for 108 contracts involving over 4,355 affordable rental units. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

I.A.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

The following programs are available to local groups on a competitive basis (national or regional competition) by applying directly to HUD.

Housing Opportunities for Persons With AIDS (HOPWA)

Funds under this program are to be used to support HUD's national goal of increasing the availability of decent, safe, and affordable housing "for meeting the housing needs of persons" with HIV/AIDS and their families. Grantees are encouraged to develop community-wide comprehensive strategies and to form partnerships with area nonprofit organizations to provide housing assistance and related services for eligible persons.

Shelter Plus Care

The Shelter Plus Care (SPC) program is a source of permanent housing with supportive services to homeless people with serious disabilities. HUD began awarding Shelter Plus Care funds in 1992 to State and local governments and public housing agencies as a way to assist a population that has been traditionally hard to reach. The program targets homeless people with disabilities such as severe mental illness, chronic substance abuse, dual diagnoses (co-occurring mental illness and substance abuse), and/or HIV/AIDS. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

Funds for SPC are available on a competitive basis through the State's Continuum of Care process. Montana currently has 148 SPC vouchers statewide; 126 are used for individuals and 22 for families. Vouchers have been awarded in Missoula (79 individual and 22 family units), Billings (15), Helena (20), and Butte (12). The Montana Continuum of Care Coalition (MTCCoCC) applied for an additional 31 vouchers this past year (5 in Great Falls and 26 in Missoula) but did not receive them.

Supportive Housing Program

The Supportive Housing Program (SHP) is designed to develop supportive housing and services that will allow homeless persons to live as independently as possible. Eligible applicants are states, units of local government, other governmental entities such as Public Housing Authorities (PHAs), and private nonprofits. The Supportive Housing Program was authorized by the McKinney-Vento Homeless Assistance Act of 1987. It is designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible. Assistance in the Supportive Housing Program is provided to help homeless persons meet three overall goals: achieve residential stability, increase their skill levels and/or incomes, and obtain greater self-determination.

Funds for supportive housing are available on a competitive basis through the State's Continuum of Care process. In 2003, eight SHP projects received over \$702,000 in renewal funding to provide transitional housing and supportive services. One new project was awarded to implement a HUD-required Homeless Management Information System (HMIS).

Supportive Housing for Persons with Disabilities (Section 811)

The Permanent Housing for Persons with Disabilities component is another type of supportive housing providing long-term, community-based housing and supportive services for homeless persons with disabilities. This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting. The supportive services may be provided by the organization managing the housing or coordinated by the applicant and provided by other public or private service agencies. Permanent housing can be provided in one structure or several structures at one site or in multiple structures at scattered sites.

Supportive Housing for Elderly Persons (Section 202)

The Supportive Housing for Elderly Persons (Section 202) Program provides supportive housing for very low-income persons 62 years of age or older. The program helps expand the supply of affordable housing with supportive services for the elderly by providing capital advances to finance the construction and rehabilitation of structures that will serve as supportive housing for very low-income elderly persons and providing rent subsidies for the projects to help make them affordable. It provides low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, and transportation.

Housing Choice Voucher Family Self-Sufficiency (HCV/FSS) Program

HUD's Housing Choice Voucher Family Self-Sufficiency (HCV/FSS) Program provides funds to public housing agencies specifically for the employment of family self-sufficiency coordinators. The FSS coordinators assist adults in job training, childcare, counseling, transportation, and job placement programs.

Participants in the job preparedness program, some of whom are on welfare, sign a contract that stipulates the head of the household will get a job and the family will become self-sufficient within five years. While enrolled in the program, as a family's income rises, a third of that income goes to an interest-bearing escrow account.

If a family fulfills the contract requiring employment and independence from welfare, they can use the escrow account for down payment on a home purchase, starting a business, paying back debts, and paying educational expenses. If a family fails to fulfill the contract, they do not get the funds in the escrow account and may be terminated from the FSS Program.

HUD Housing Counseling Program

The Housing Counseling Program supports the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low- to moderate-income renters, and the homeless to expand homeownership opportunities and improve access to affordable housing. HUD awards annual grants under this program through a

competitive process. Organizations that apply for grants must be HUD-approved and are subject to biannual performance reviews to maintain their HUD-approved status.

HUD Rural Housing and Economic Development (RHED) Program

Rural nonprofit organizations, federally recognized Native American tribes, Community Development Corporations, and state agencies are the eligible applicants for HUD's Rural Housing and Economic Development Program grants. The funding helps rural communities to build and improve affordable housing, create jobs and generate community and economic development.

Rural communities use this funding as seed money to pay the start-up costs for activities undertaken by new organizations or for specific housing or economic development projects undertaken by new or existing groups. The grants also help organizations hire and train staff, develop strategic plans, and acquire office space and other needed facilities.

RHED grants also help pay for land acquisition, new home construction, housing demolition, infrastructure improvements, and construction training. Other possible uses include homeownership and financial counseling; financial assistance to homeowners, businesses and developers; creating microenterprises and small business incubators; and, establishing lines of credit or revolving loan pools to benefit the local business community.

HUD Service Coordinator Grants

Service coordinator grants to provide low-income elderly and residents with disabilities in federally supported housing with assistance to identify and receive health care, meals, and other critical support services. The grants are directed to owners of private housing developments in 42 states and the District of Columbia that receive money from HUD to house low-income individuals. The owners or their management companies then either hire or contract service coordinators with backgrounds in providing social services, especially to the frail elderly and people with disabilities, to assist their residents with special needs.

I.A.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Natural Resources and Conservation (MDNRC) Renewable Resource Grant and Loan Program

The Montana Department of Natural Resources and Conservation administers the Renewable Resource Grant and Loan (RRGL) program. Financial assistance is available to local governments in the form of grants or loans. Funds are used for grants up to \$100,000 and for securing loans for water and sewer projects. The level of funding for the Renewable Resource Grant program is projected to be \$4 million for each biennium.

Montana Board of Investments Intermediate Term Capital (INTERCAP) Program

The Intermediate Term Capital Program, offered by the Montana Board of Investments, provides loans to Montana local governments for a wide variety of purposes. Local governments may use the program to provide short- and long-term loans and bridge financing. For the Plan year ended March 31, 2004, INTERCAP made \$22.3 million in loans to communities. To date, INTERCAP has made a total of \$183.05 million in loans to communities.

Montana Department of Commerce Treasure State Endowment Program (TSEP)

The Treasure State Endowment Program is a State funded grant and loan program administered by the MDOC. The program was created to assist local governments with financing infrastructure projects in order to help keep the cost of the projects at an affordable level. TSEP funds can be used for constructing or repairing drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges. Any incorporated city or town, county, or consolidated local government; county or multi-county water, sewer or solid waste district; or tribal government is eligible to apply to the TSEP program.

The Community Technical Assistance Program (CTAP)

The Community Technical Assistance Program has been a state funded and staffed function of Montana's Executive Branch since 1967. Many levels of this particular service have been defined over those years, predominantly changed by fiscal resources available. CTAP provided technical assistance to local governments and development groups on community planning, development, and financing issues and options. Services available from CTAP included individual local government planning and development assistance, and general community research assistance. CTAP produced educational books, model ordinances, and videos. In addition, CTAP sponsored training workshops on community planning and development.

In 2003, the 58th Montana Legislature, faced with the largest projected deficit ever, decided to eliminate the CTAP program. The Department of Commerce, Community Development Division, will continue its limited assistance to local government planning programs through its CDBG Planning Grants that are awarded each spring through a grant competition.

Montana Board of Housing Programs (MBOH)

The mission of MBOH is to alleviate the high cost of housing for low-income persons and families. The funds to operate the programs administered under the Housing Act of 1975 are generated through either the sale of tax-exempt bonds or administrative fees. Board programs fall into two categories: home ownership programs and multifamily programs. An additional program assists the elderly. MBOH programs are often used in

combination with HOME and CDBG funds, where the MBOH provides permanent financing or equity financing.

- **MBOH Home Ownership Programs**

Single Family Bond Program: The Single Family Bond Program began in 1977. Its purpose is to assist low- and moderate-income Montanans in purchasing homes in the State of Montana. The MBOH issues tax-exempt Mortgage Revenue Bonds to provide below market rate funds to either purchase existing housing or new construction. Primarily, this program is intended to be utilized by first time homebuyers, however, in certain "targeted" areas, the borrowers do not need to be first time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.

The MBOH works with approximately 180 lenders statewide to provide mortgages below conventional rates to assist primarily first-time homebuyers. The MBOH assists approximately 1,800 homebuyers per year.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80 percent) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide, including loans made in Indian Country.

Recycled Single Family Mortgage Program: The Board has made additional mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Single Family Mortgage program. The Board's goal, with the recycled funds, is to assist lower income persons and families that do not have the financial capabilities to purchase a safe and sanitary home through other single-family programs. Applications for recycled fund set-asides are submitted through the Board's "Request for Proposal" process on a monthly basis. The Board anticipates making \$20 million available for financing "very low-income" families per year.

Disabled Accessible Affordable Homeownership Program: In 1993, the MBOH initiated the Disabled Accessible Affordable Homeownership Program for persons with disabilities to acquire affordable, architecturally accessible homes. Qualifying for this program requires that an eligible homebuyer, spouse, child or parent must have a permanent physical disability with a mobility impairment, meet income and family asset limits, and be a first time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

- **MBOH Multifamily Bond Programs**

MBOH issues tax-exempt bonds to finance the construction of new, or rehabilitation of existing, low-income multifamily housing. MBOH anticipates issuing bonds to finance projects that meet its requirements through the following programs:

Multifamily Risk Sharing Program: The Risk Sharing Program is a source of permanent mortgage financing for affordable rental housing meeting certain low-income occupancy and rent limitation requirements. In partnership with HUD, this program provides FHA mortgage insurance for the permanent financing of multifamily rental property. The MBOH provides mortgage underwriting and loan management as well as financing, and the two entities share the risk of loss from project default. Authorized to make loans to multifamily housing sponsors by State law, the MBOH received final approval to participate in the Risk Sharing Program with HUD in June 1994.

General Obligation Program: The General Obligation (G.O.) Program is a source of permanent mortgage financing for affordable rental housing that meets certain low-income occupancy and rent limitation requirements. The Board obtained a G.O. rating of A2 from Moody's Investors Service in April 1997. With this rating, the Board is able to issue tax-exempt bonds to finance projects that do not have mortgage insurance. These projects will typically have multiple sources of funding that have very low loan to value ratios and little risk of loss in the event of loan default. The Board also provides mortgage underwriting and loan management.

- **MBOH Elderly Program**

Reverse Annuity Mortgage Loan (RAM) Program for Elderly Persons: The RAM program, implemented by the Board in October of 1990, enables persons 68 years or older (some exceptions may apply) to benefit from an additional income source from the use of their home equity. In addition to other uses, the funds may be used to make repairs or improvements to the home. Eligibility is subject to certain income requirements.

- **MBOH Affordable Housing Revolving Loan Fund Program**

The 1999 Legislature found that current economic conditions, federal housing policies, and declining resources at the federal, state, and local levels adversely affected the ability of low- and moderate-income persons to obtain safe, decent, and affordable housing. Because of this, the Affordable Housing Revolving Loan Fund (RLF) was established. The MBOH funded the RLF with \$1.5 million of mortgage assets from loans made from an affordable housing program (AHP) grant from the Federal Home Loan Bank.

The 2001 legislature added three other funding sources to the Affordable Housing Revolving Loan Fund. Two sources are (1) \$500,000 from the Section 8 reserve

account and (2) approximately \$3.4 million from the Temporary Assistance to Needy Families (TANF) grant. The two funding sources are transfers from existing programs. The third source is from direct donations that would qualify for a tax credit. These sources began July 1, 2001. The TANF funds were reduced to \$700,000 by the August 2002 special legislative session.

The Affordable Housing Revolving Loan Fund is used to provide loans to projects providing affordable housing in Montana. These projects typically need that last small piece of financing to make them feasible. TANF funds are also used for homebuyer assistance loans.

I.A.4 METHOD OF FUND DISTRIBUTION TO LOCAL GOVERNMENTS AND OTHER ENTITIES

Community Development Block Grant (CDBG)

Fund distribution for the CDBG **Housing** and **Public Facilities** categories is based on annual competitions for each category. Eligible applicants are limited to general-purpose local governments: counties and incorporated towns and cities under 50,000 in population. The maximum grant request for each category was \$500,000. Existing grantees must significantly draw down their existing funds before they are eligible to apply for additional program funds from CDBG. Each local government may apply for one housing project and one public facility project each program year.

For several years, HUD has been placing increasing pressure on all of the states and cities that administer the CDBG Program to expedite the expenditure of their CDBG funds. Because, overall, on the national level, local governments have been slow in completing their CDBG projects (at least in the view of Congress), HUD finds it very difficult to persuade Congress to maintain constant levels of funding for the program while billions of CDBG funds remain "in the pipeline" unspent. It has also been difficult for Congress to understand the lag that occurs between its approval of an annual appropriation for CDBG nationally and the actual expenditure of those funds by a local CDBG project. HUD staff believes that there is a very real possibility that CDBG funds could eventually be cut significantly as a result of Congress' concerns.

MDOC typically receives notification of the amount of Montana's CDBG allocation for each federal fiscal year (FFY) in April. Until recently, applications for CDBG public facilities grants were due in May and the grant awards for that year's funds were announced in August or September. This resulted in at least a five-month delay between when MDOC received its fiscal year allocation and when public facility funds were awarded. Applications for CDBG housing grants were due in the fall and the grant awards were usually announced in mid-winter. The lag time between receipt of the state's CDBG allocation and housing grant awards was seven to eight months or longer.

Overall, Montana has had a good track record in the expenditure of CDBG funds, ranking in the top quarter of states in its rate of spending. However, in response to

Congress' concerns and with HUD's encouragement, the Montana Department of Commerce changed the funding cycle beginning with the FFY 2003 and 2004 CDBG programs. To accelerate the funding cycle, the Department conducted grant competitions for FFY 2002, 2003 and 2004 funding allocations during the last 24 months. This acceleration of the grant competitions was a one-time only event.

The objective of this change was to establish a long-term annual grant application cycle for future years that would provide for the ranking of both housing and public facility applications in the calendar year prior to the actual receipt of the FFY CDBG allocation that will fund those projects. This allows MDOC to award grants to communities immediately upon notification of that year's CDBG allocation. Grants are awarded in order of the ranking scores assigned during the previous calendar year's grant competition, based on the amount of funds allocated to the housing and public facilities project categories. This eliminates the lag time between the receipt of the State's CDBG allocation and the award of those funds, as described above. This is a step that has either already been implemented or is being seriously considered by several other states which administer the State CDBG Program.

The FFY 2004 CDBG **Public Facilities** category application deadline was May 23, 2003; the FFY 2003 deadline was January 10, 2003. The **Housing** application deadlines were October 17, 2003 for FFY 2004 funds and October 15, 2002 for FFY 2003 and 2002 funds.

2003 Schedule	2004 Schedule
<u>Public Facilities Competition</u> <u>FFY 2003 Grants</u>	<u>Planning Grant Competition</u> <u>FFY 2004 Grants</u>
Applications Due..... Jan. 10, 2003 Announcement..... May 2003	Applications Due April 23, 2004 Announcement..... June 2004
<u>Planning Grant Competition</u> <u>for FFY 2003 Grants</u>	<u>Public Facilities Grant Competition</u> <u>FFY 2005 Grants</u>
Applications Due..... April 25, 2003 Announcement June 2003	Applications Due May 28, 2004 Announcement Sept. 2004
<u>Public Facilities Grant Competition</u> <u>FFY 2004 Grants</u>	<u>Housing Grant Competition</u> <u>FFY 2005 Grants</u>
Applications Due..... May 23, 2003 Announcement Aug. 2003	Applications Due..... Nov. 19, 2004 Announcement Feb. 2005
<u>Housing Grant Competition</u> <u>FFY 2004 Grants</u>	
Applications Due..... Oct. 17, 2003 Announcement Dec. 2003	

For FFY 2003, \$200,000 was set aside from available CDBG funding for **Housing and Public Facilities** projects for **technical assistance matching grants** awarded on a competitive basis. Sixteen grants were awarded for a total of \$220,250.

Coordination of CDBG Ranking with the Treasure State Endowment Program (TSEP):
The TSEP program was created in 1992 as a State-funded grant program to assist local governments in maintaining their basic infrastructure: water and wastewater systems, bridges, and storm drainage and solid waste facilities. TSEP conducts a grant competition every other year. Applications are submitted in the spring of even-numbered years with TSEP staff review during the summer. The projects must be approved by the Montana Legislature, which convenes in odd-numbered years from January through April.

A key goal of Montana's "Fast-Forward Efforts" for CDBG is to achieve better coordination between the funding cycles of the two programs. Public facilities applications for both TSEP and CDBG will be submitted in the spring of 2004. This schedule will provide the opportunity for concurrent review of proposals submitted to both programs. CDBG applications reviewed during the summer of 2004 would then have Federal funds available at about the same time that the 2005 Legislature completes its review of TSEP applications submitted the previous May.

The CDBG **Economic Development** (CDBG-ED) category accepts applications on a continuous basis as long as funding is available for the program year. Like CDBG Housing and Public Facilities, eligible applicants for CDBG-ED funds are limited to local governments (counties and incorporated towns and cities) except the cities of Billings, Great Falls, and Missoula, which receive entitlement funds. Applications were accepted beginning April 1, 2003. The maximum grant request was \$400,000 per community. Local governments typically use CDBG-ED funds to make loans to area businesses. The local government can keep loan repayments from the businesses if the local government demonstrates to the MDOC that it has the capacity to administer a local revolving loan fund (RLF), or that it will contract with a qualified local development organization to manage those loan payments. The local RLF can then relend funds to other community businesses.

In addition, for the Plan year ended March 2004, \$225,000 was set aside for technical assistance activities. The CDBG-ED program entered a Memorandum of Agreement with the Small Business Development Center Bureau (SBDC) for its Montana Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Outreach Program, and the MicroBusiness Development Corporations (MBDC) program. Of the CDBG-ED technical assistance funds, \$105,000 was set aside for this activity. The SBIR/STTR and MBDC programs to provide outreach, counseling, training, and technical assistance to small businesses.

Of the remaining \$120,000 technical assistance funds set aside, \$95,000 was used for a planning grant competition, in which nine planning grant activities were funded. Additionally, the CDBG-ED program in conjunction with the CDBG Public Facilities and

Housing program, contracted with Montana Economic Developers Association (MEDA) to provide technical assistance to Montana communities through Resource Team Assessments. Resource Team Assessments allow community members to help develop their community's goals and initiatives for community development. Of the technical assistance funds for the CDBG-ED program, \$25,000 was set aside for this activity.

HOME Program

HOME Program funds were distributed through a competitive grant application process with a deadline of March 31, 2003. Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), Community Housing Development Organizations (CHDOs) certified by the MDOC, and Public Housing Authorities. The maximum request for a HOME project was \$500,000. CHDOs receive a minimum of 15 percent set-aside of each fiscal year allocation. Existing grantees are eligible to reapply for a HOME grant if they are in compliance with the current project Implementation Schedule, have no unresolved audit, monitoring or performance findings on any previous grants, and are 75 percent spent down on their prior grant awards. Funds available from HUD in the Plan year ended March 31, 2004 totaled \$4,621,935.

Emergency Shelter Grant Program

The 10 regional Human Resource Development Councils (HRDCs) receive 95 percent of the funds allocated under this program. Funds are distributed based on a formula allocation contained in ARM 53-10-502 pertaining to the Federal Community Services Block Grant. This allocation reflects areas of poverty and general population.

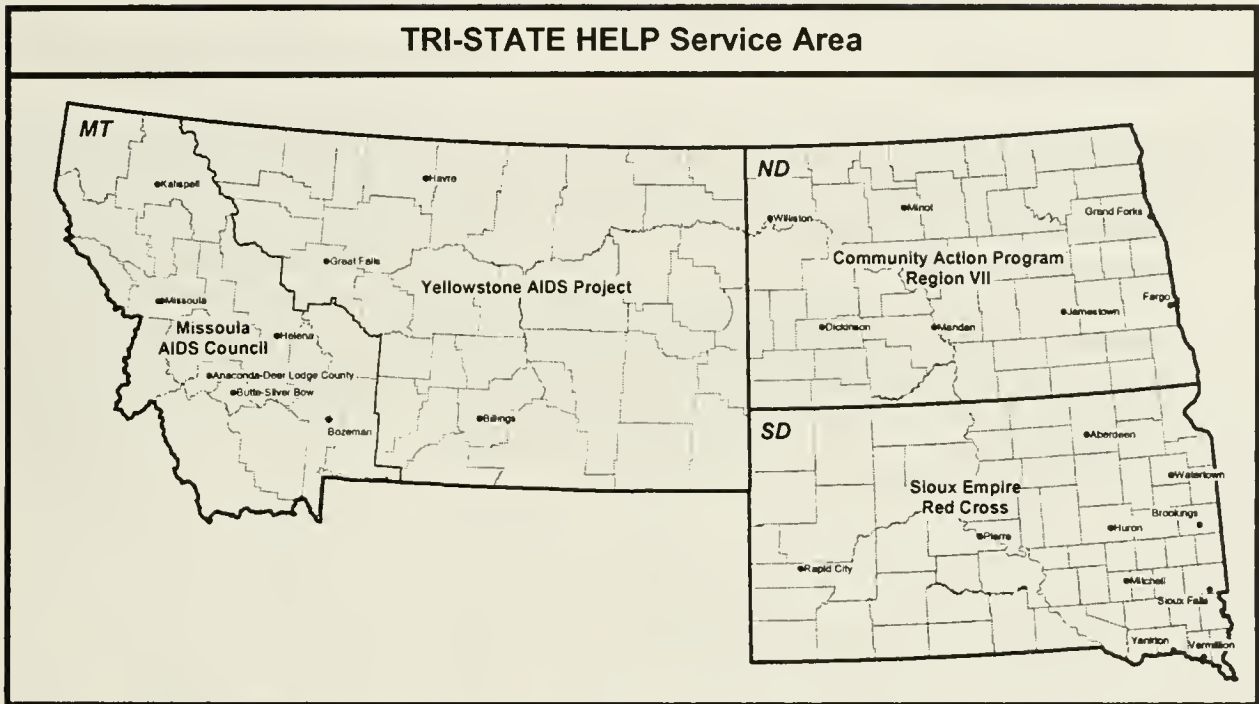
Housing Opportunities for Persons With AIDS (HOPWA)

State of Montana Department of Public Health and Human Services (MDPHHS), in partnership with the states of South Dakota and North Dakota, was awarded \$1,309,501 in December 2003 for a three-year project to create the TRI-STATE HELP, Housing Environments for Living Positively (TS HELP). The funds are allocated among four regional private agencies in the three states (see map): Missoula AIDS Council (Montana); Yellowstone AIDS Project (Montana); Community Action Program, Region VII (North Dakota); and Sioux Empire Red Cross (South Dakota)¹. The MDPHHS provides overall administrative oversight for the project with contracted program coordination and evaluation from Montana State University (MSU).

TS HELP provides tenant-based rental assistance subsidies, emergency assistance subsidies, and housing coordination services to individuals living with HIV/AIDS and their families. A variety of additional services and resources are available to persons

¹ The South Dakota agency, Sioux Empire Red Cross decided not to renew their HOPWA contract for the next program year, effective March 15, 2004. The Billings agency contracted for the interim (April - May 31, 2004) until a new South Dakota agency could take over.

living with HIV/AIDS and their families through HOPWA funding and leveraged resources.



Treasure State Endowment Program

The TSEP program provides funding for construction projects, preliminary engineering studies, and emergency projects. Matching grants for construction projects are limited to \$500,000 per applicant and typically require a dollar for dollar match, although other grants can be used for match. Funding for construction projects is awarded through a competitive process held every other year, with applications due in May of the year preceding the legislative session. The 2003 Legislature received 55 applications and awarded approximately \$15.8 million in grants to local governments to fund 40 construction projects. Three more projects are authorized grants if additional TSEP funds become available during the biennium.

In May 2004, the program received 47 applications requesting construction grants totaling approximately \$18.8 million. The program is projecting that approximately \$17 to \$18 million will be available to award to the applicants when the Legislature meets in 2005.

The program has \$425,000 available during fiscal years 2004 and 2005 for grants for preliminary engineering studies. These grants are non-competitive and are awarded by the Department of Commerce on a first-come first-served basis. All of the funds were awarded in fiscal year 2004, and the Department funded 33 studies.

The 2003 Legislature also appropriated \$100,000 to the Department of Commerce for fiscal years 2004 and 2005 to provide grants for emergency projects that cannot wait for legislative approval. As of June 1, 2004, the Department awarded three emergency grants, totaling \$22,920.

MBOH Programs

The Single Family program is ongoing based on availability and market interest rates. The Multifamily Risk Sharing program accepts applications on a monthly basis. The Reverse Annuity Mortgage Loan Program for elderly persons is ongoing. The MBOH allocates Low Income Tax Credits through its qualified allocation plan at two set deadlines per year. For-profit and nonprofit entities are eligible. Selection criteria include projects serving low-income tenants, projects located in distressed or hard-to-develop areas, projects meeting the areas housing needs and priorities, projects servicing tenant populations with special housing needs, and projects in areas with long waiting lists for assisted housing.

SECTION B – INVESTMENT OF AVAILABLE RESOURCES

I.B.1 FEDERAL SOURCE – STATE ADMINISTRATION

Emergency Shelter Grant (ESG)

ESG funds are distributed to HRDCs throughout Montana for supported shelters across the State as well as for direct services from HRDCs to ESG recipients. Actual funding received and used matched the funds anticipated. The table below presents the distribution of funds for each HRDC.

EMERGENCY SHELTER GRANTS PLAN YEAR ENDED 3/31/2004		
AGENCY	HUD FUNDING	SERVICES
Action for Eastern Montana – Glendive	\$ 35,274	Defray operating expenses for shelter in Sidney and Poplar
District IV HRDC – Havre	\$ 12,356	Support for domestic violence shelter and homeless services
Opportunities, Inc. - Great Falls	\$ 47,773	Essential services and operational costs for transitional housing
District VI HRDC – Lewistown	\$ 9,755	Rent and mortgage assistance
District VII HRDC – Billings	\$ 58,979	Shelter support and coordination
Rocky Mountain Dev. Council – Helena	\$ 23,608	Case management and shelter support
District IX HRDC – Bozeman	\$ 30,883	Shelter support and homeless prevention
Northwest Montana Human Resources - Kalispell	\$ 52,092	Case management and shelter support
District XI HRC – Missoula	\$ 52,615	Shelter support and help line
District XII HRDC – Butte	\$ 27,216	Shelter support
TOTAL	\$350,551	

U.S. Department of Energy (DOE) and Other Energy Programs

In the Plan year ended 2004, DOE and other funds were used for residential weatherization programs. The funding utilized for residential weatherization came from the following sources:

U.S. Department of Energy	\$ 2,475,828
U.S. Department of Health and Human Services (LIHEAP)	\$ 2,939,299
NorthWestern Energy	\$ 1,168,000
Bonneville Power Administration	\$ 270,000
Total	<u>\$ 6,853,127</u>

Weatherization activities consist primarily of attic, wall and floor insulation; furnace repairs and replacements; and infiltration reduction measures. Only measures demonstrating a savings to investment ratio of at least 1.8 (based on the use of a computerized energy audit) may be installed on eligible dwellings.

Additional funds used to directly assist eligible households with their fuel bills were as follows:

U.S. Department of Health and Human Services (LIHEAP)	\$ 9,945,853
Utility Company Low-Income Discount	\$ 3,166,274
Total	<u>\$13,112,127</u>

Low Income Housing Tax Credit Program (LIHTC)

Since the program's inception in Montana, a total of \$20,393,100 in federal tax credits has been allocated for 4,367 units of rental housing. During the Plan year, the MBOH allocated \$2,220,623 in federal tax credits for 252 units of rental housing in 10 projects. One project allocated credits in 2003 returned the credits, which were carried forward to the 2004 allocation.

U.S. Department of Agriculture (USDA) Rural Development Program

The Rural Housing Services (RHS) programs, through the U.S. Department of Agriculture Rural Development Program provides approximately \$90 million per year in loans, grants, and guarantees to assist Montanans in obtaining various forms of housing. The following table outlines the types of RHS loans and grants available.

MONTANA RHS OBLIGATIONS 9/30/2003 (FYE)			
Program	Program Description	Number	\$ Amount
Rural Housing (RH)-Guarantee	Federal loan guarantees provided to lenders for single-family housing.	646	\$66,053,460
Section 502 Direct	Single family housing direct loan for very low- and low-income borrowers	137	\$ 8,591,282
Section 504 Loans and Grants	Repair loans and grants for very low-income borrowers	84	\$ 428,106
Housing Preservation Grants	Housing preservation grants made to entities for rehabilitation and repair	0	\$ 0
523 Mutual Self-Help Grants	Technical and management assistance oversight grant	4	\$ 1,317,200
515 Rural Rental Housing	Multi-family housing loans for low- and very low-income affordable housing projects	2	\$ 136,715
521 Rental Assistance	Rent subsidies for tenants	385	\$ 4,826,912
538 Multi-Family Housing (MFH) Guarantee	Federal Guarantee to lender for low- and moderate-income tenants	0	\$ 0

Program	Program Description	Number	\$ Amount
525 TMA Grant	Grant for an oversight organization to promote homebuyer education	1	\$ 150,000
CF Direct Loans	Community Facilities direct loans	4	\$ 1,707,190
CF Guaranteed Loans	Community Facilities federal guarantees	3	\$ 5,933,500
CF Grants	Community Facilities grants	14	\$ 1,542,926
TOTAL		1,280	\$ 90,687,291

Section 8 Rental Assistance

For the Tenant Based Section 8 Program and the Project Based Section 8 Contract Administration Program, more than \$31 million was spent in the past Plan year, and on average more than 8,000 families were provided decent, safe and affordable housing each month.

I.B.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

Housing Opportunities for Persons With AIDS (HOPWA)

Although Tri-State HOPWA reports its results directly to HUD, a summary of its results is presented here for informational purposes. The Tri-State HELP programs for the two regions of Montana, Billings in the east and Missoula in the west, were awarded a combined total of approximately \$622,000 over the three-year period. This includes supportive services and sponsor administration and \$480,600 for rental assistance and short-term emergency assistance. The grant provides tenant based rental assistance, emergency assistance, and housing coordination services to individuals living with HIV/AIDS in Montana through the management of the Yellowstone AIDS Project (YAP) in Billings and the Missoula AIDS Council (MAC).

Since the inception of the program through March 14, 2004, YAP and MAC spent a combined total of \$345,000, including \$174,000 for long-term assistance and \$74,000 for short-term. Sixty-seven (67) individuals have accessed the program and are in a stable housing situation, which enables them to access case worker and medical services consistently, ultimately improving their quality of life prior to TS HELP assistance. Cumulative data collected by the YAP and the MAC Housing Coordinators is presented below.

Montana Progress Report, June 2003 – March 2004			
Total Clients Receiving Services:		67	
Gender:	Male:	56	Female:..... 11
Ethnicity:	Non-Hispanic:	64	Hispanic:..... 3
Race:	African/American:	2	Native American: 6
Recent Living Situation:	Homeless:.....	3	Rental Housing..... 50

Supportive Housing Program (SHP) and Shelter Plus Care (SPC)

Funds for Supportive Housing and Shelter Plus Care are available on a competitive basis through the State's Continuum of Care process. Last year several proposals for new or renewed supportive housing were approved as outlined in the following table:

Montana Fiscal Continuum of Care Year 2003 Homeless Assistance Awards			
Organization	Program	Awarded	Description
Poverello Center	SHP-R	\$ 74,934	2 year funding for family transition center (25 beds)
Turning Point/Share House/Missoula County	SHP-R	\$ 196,665	Transitional housing for individuals (8 beds)
Samaritan House	SHP-R	\$ 63,000	Case management and supportive services (52 individuals Pt-in-time)
Ada Feldman, YWCA	SHP-R	\$ 25,807	Transitional Housing and supportive services for families (24 beds)
Mountain Home	SHP-R	\$ 153,593	Transitional Housing and supportive services for Single Mothers (8 beds)
March Against Homelessness, YWCA	SHP-R	\$ 35,240	Transitional Housing and supportive services for women with children (9 beds)
NW MT Human Resources Council, Courtyard Apts.	SHP-R	\$ 71,538	Transitional Housing and supportive services for individuals and families (34 beds)
Dist 7 Human Resources Dev. Council	SHP-R	\$ 63,000	Case management and supportive services for individuals and families (71 families/62 individuals)
MT Dept of Health & Human Services, IHSB	HMIS	\$ 220,000	For implementation of a Homeless Management Information System
Missoula Housing Authority	SPC-R	\$ 264,000	For renewal of 50 vouchers serving seriously disabled individuals and families.
Helena Housing Authority	SPC-R	\$ 70,896	For renewal of 14 vouchers serving seriously disabled individuals and families
■ TOTAL		\$1,238,674	
KEY: SPC-R: Shelter Plus Care Renewal; SHP-R: Supportive Housing Renewal; HMIS: Homeless Management Information System			

Supportive Housing for Persons with Disabilities (Section 811)

Accessible Space, Inc. (ASI) received Section 811 funding for two projects located in Montana, one in Bozeman and one in Great Falls. ASI will use the funds in both locations to construct fully accessible 18-unit independent living apartment buildings for very low-income individuals with physical disabilities. Some of the services that will be available are personal assistance and housekeeping/chore services, transportation services, and information/referral services. ASI was awarded a capital advance of \$1,266,800 and a five-year rental subsidy totaling \$240,500 for each project location.

Supportive Housing for Elderly Persons (Section 202)

Accessible Space, Inc. was awarded a Section 202 funding for a supportive housing for an elderly project located in Bozeman, Montana. ASI will use the funds for the new construction of 36 units for the elderly and 1 resident manager's unit. The design of the building will accommodate the needs of the elderly who are able to live independently, and will include some community based supportive services. ASI was awarded capital advance of \$2,499,400 and a five-year rental subsidy totaling \$509,000. (Note: This project also received a LIHTC reservation of \$100,000 in March 2004.)

Housing Choice Voucher Family Self-Sufficiency (HCV/FSS) Program

Three housing authorities in Montana were awarded HUD funds to help families attain self-sufficiency through the HCV/FSS Program:

Housing Authority of Billings	\$ 38,671
Helena Housing Authority	\$ 47,378
Missoula Housing Authority	<u>\$ 71,425</u>
State Total:	<u>\$ 157,474</u>

HUD Housing Counseling Program

Women's Opportunity and Resource Development, Inc. (WORD) was awarded \$50,000 for Comprehensive Counseling. WORD provides a Family BASICS Program that provides a broad spectrum of housing counseling services for Montana, focusing on Missoula County. BASICS have a commitment to helping individuals and families obtain and maintain stable housing and to the development of increased opportunities for home ownership for lower income families. Some of their services involve family support information, referrals, counseling, and education with goals of empowerment, self-sufficiency, and homeless prevention. Future programs include career readiness for teen families. This agency provides various workshops and group counseling on a weekly basis. Their partners include community social service agencies such as the Salvation Army, Missoula Housing Authority, and Montana Legal Services, and local businesses. The grant will be used to enhance their counseling programs.

HUD Rural Housing and Economic Development (RHED) Program

Three organization within Montana received RHED grants:

- Chippewa Cree Housing Authority in Box Elder was awarded an RHED Innovative Housing and Economic Development grant for \$400,000. This grant will be used to assist in the development of 76 new housing units. The target group for this project is Federally Recognized Indian Tribes.

- Human Resources Development Council of District IX in Bozeman was awarded an RHED Capacity Building grant for \$150,000. This grant will be used to conduct homeownership studies and to offer down payment and affordable assistance for beneficiaries. Partners and supporters for this venture include the HRDC, Northern Rocky Mountain RC&, LISC, First Interstate Bank, Gallatin Bank, and the USDA. The target group for this project is Federally Recognized Indian Tribes.
- The Heritage Capital Fund in Wolf Point was awarded an RHED Innovative Housing and Economic Development grant for \$399,848. This grant will be used to establish an energy efficiency loan fund. Partners and supporters for this venture include the Opheim School District. The target groups for this project are areas with populations of 2,500 or less and Federally Recognized Indian Tribes.

HUD Service Coordinator Grants

Richland Affordable Housing was awarded \$108,126 from HUD to provide services to older citizens and those with disabilities at the 72-unit Crestwood Inn located in Sidney, enabling them to remain in their homes.

I.B.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Natural Resources and Conservation Renewable Resource Grant and Loan Program

The Renewable Resource Grant and Loan Program, administered by the MDNRC, provides financial assistance to local governments in the form of grants or loans. Funds are used for grants up to \$100,000 and to secure loans for water and sewer projects. The levels of funding for RRGL programs are \$4 million for each biennium.

The following table illustrates the Renewable Resource Grants monies approved in the past four legislative sessions.

RENEWABLE RESOURCE GRANT MONIES BY LEGISLATIVE SESSION				
	Authorized Amount	Contracted Amount	Amount Disbursed	Amount Released
2003 Legislature	\$ 4,000,000	\$ 2,382,368	\$ 86,215	\$ 0
2001 Legislature	\$ 4,825,741	\$ 4,525,741	\$ 3,629,721	\$ 111,059
1999 Legislature	\$ 4,862,972	\$ 4,251,055	\$ 4,104,732	\$ 6,490
1997 Legislature	\$ 2,200,000	\$ 2,225,699	\$ 2,166,564	\$ 250,135
1995 Legislature	\$ 1,911,204	\$ 1,800,278	\$ 1,631,445	\$ 275,401

Montana Board of Housing

- **Single Family Bond Program**

During the period April 1, 2003 through March 31, 2004, the MBOH provided 1,568 loans totaling \$139,555,399 to homeowners at an average of \$89,002.

- **Recycled Single Family Mortgage Program**

During the current Plan year, the Board continued its partnerships with 25 nonprofit housing organizations. The Board provided approximately \$7.6 million for financing of 135 homes at an average cost of \$56,612 for families whose income were 50% of Area Median Income (AMI).

- **Disabled Accessible Affordable Homeownership Program**

The MBOH has financed 149 homes for \$9,284,339 to provide affordable, architecturally accessible homes for people with disabilities such that they can live independently. The average income of program participants was \$16,271 and average purchase price was \$68,808.

- **Reverse Annuity Mortgage Program**

Seventeen reverse annuity mortgage loans closed during the Plan year ended March 31, 2004, and two loans were in process. Through March 31, 2004, the program assisted 92 senior households since it began taking applications. As of March 31, 2004, 42 loans were paid off.

- **Multifamily Bond Program**

No new projects were funded during the Plan year through the Multifamily Risk Sharing Program or the General Obligation (G.O.) Program

- **Affordable Housing Revolving Loan Fund**

During the period April 1, 2003 through March 31, 2004, seventeen revolving loans, totaling \$130,455, were closed for the single-family assistance program. These loans, done in partnership with Neighborhood Housing Services and homeWORD, provide soft second and third mortgages to lower income households purchasing a home. The households must qualify under Temporary Assistance to Needy Families (TANF) rules and must complete a first time homebuyer training course.

Montana Department of Commerce Treasure State Endowment Program

The following TSEP projects were awarded grants by the 2003 Legislature:

TSEP Grant Recipient	Type of Project	Amount of Grant Award
Lewis & Clark County	Bridge	\$ 170,575
Judith Basin County/Geyser District	Water	\$ 330,000
Madison County	Bridge	\$ 174,529
Chinook	Wastewater	\$ 500,000
Sweet Grass County	Bridge	\$ 235,954
Stillwater County	Bridge	\$ 500,000
Power-Teton County District	Water	\$ 500,000
Richland County	Bridge	\$ 351,625
Stanford	Water	\$ 500,000
Hamilton	Water	\$ 500,000
Troy	Water	\$ 500,000
Scobey	Wastewater	\$ 500,000
Missoula	Wastewater	\$ 500,000
Blaine County	Bridge	\$ 322,782
Upper-Lower River Road District	Water & Wastewater	\$ 500,000
Polson	Water	\$ 500,000
Conrad	Water	\$ 500,000
Glendive	Stormwater	\$ 139,133
Sheavers Creek District	Water	\$ 500,000
Gallatin County	Bridge	\$ 500,000
Gardiner/Park County District	Water	\$ 500,000
Philips County Green Meadows District	Water	\$ 112,500
Geraldine	Water	\$ 500,000
Missoula County	Wastewater	\$ 499,335
Ramsay County District	Water	\$ 255,000
Cooke City-Park County District	Water	\$ 500,000
Worden-Ballantine District	Water	\$ 500,000
Wolf Point	Wastewater	\$ 500,000
Ryegate	Water	\$ 478,700
Cascade County	Bridge	\$ 230,840
Libby	Water & Wastewater	\$ 500,000
Beaverhead County District (Wisdom)	Wastewater	\$ 500,000
Hill County	Bridge	\$ 175,803
Jordan	Water	\$ 459,883
Pablo-Lake County District	Wastewater	\$ 500,000
Ekalaka	Wastewater	\$ 154,197
Pondera County	Bridge	\$ 137,500
Black Eagle District	Wastewater	\$ 214,200
Lake County Solid Waste District	Solid Waste	\$ 500,000
Sheridan County	Bridge	\$ 210,775

The following TSEP grants for Preliminary Engineering Studies were awarded in state FY 2004 by the program:

Name of Grant Recipient	Project Type	TSEP Grant Amount
Anaconda-Deer Lodge County	Water	\$ 10,000
Big Horn County	Bridge	\$ 15,000
Carbon County	Bridge	\$ 15,000
Carter Chouteau County Water & Sewer District	Water	\$ 7,500
Town of Cascade	Water	\$ 5,000
Town of Chester	Wastewater	\$ 15,000
Town of Circle	Wastewater	\$ 15,000
Custer Area/Yellowstone County Water & Sewer Dist.	Wastewater	\$ 15,000
City of Deer Lodge	Wastewater	\$ 7,000
Town of Fairfield	Wastewater	\$ 15,000
City of Forsyth	Wastewater	\$ 15,000
City of Glasgow	Wastewater	\$ 15,000
City of Hamilton	Wastewater	\$ 15,000
City of Havre	Water	\$ 15,000
Hill County	Bridge	\$ 15,000
Lakeside County Water & Sewer District	Water	\$ 15,000
Madison County	Bridge	\$ 15,000
City of Malta	Wastewater	\$ 15,000
Meagher County (Martinsdale)	Water	\$ 12,500
Town of Pinesdale	Water	\$ 13,800
City of Polson	Wastewater/Storm Drain	\$ 15,000
Powell County	Bridge	\$ 15,000
Seeley Lake County Sewer District	Wastewater	\$ 15,000
Sheridan County	Bridge	\$ 12,000
City of Sheridan	Water	\$ 5,000
Spring Meadow County Water District	Water	\$ 15,000
City of St. Ignatius	Wastewater	\$ 15,000
Stillwater County	Bridge	\$ 15,000
Sweet Grass County	Bridge	\$ 15,000
Town of Valier	Wastewater	\$ 15,000
City of Whitefish	Wastewater	\$ 15,000
Woods Bay Homesites Lake County Water & Sewer Dist.	Water	\$ 6,700
Total Amount Awarded		\$ 425,000

I.B.4 GEOGRAPHIC DISTRIBUTION

Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population

density complicate the assessment of the type and degree of housing and community development needs. MDOC programs are implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous allocations substantially drawn down before they are eligible to apply for additional funds from these programs. This method has shown to disburse funds equitably throughout the State, allowing all groups an equal chance to apply for funds. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, tend to be widely distributed throughout the State.

The following synopsis of projects provide names, locations and funding amounts that were granted from the CDBG and HOME programs during this Plan year.

2003 CDBG ECONOMIC DEVELOPMENT PROJECT AWARDS

LOCALITY: CITY OF COLUMBIA FALLS

Project Number: #MT-CDBG-ED03-01

Name of Company: Creative Sales

Project Location: Columbia Falls

Financing Date: 04/15/03

CDBG Funds:

Grant Admin.	\$ 28,800
Loan for equipment purchases	\$ 300,000
Customized Training Grant	\$ 60,000

Other Funds:

First Citizens Bank/MBOI	\$ 693,500
Equity	\$ 317,000

Total Project \$ 1,399,300

Job Creation: 12 new, 14 retained

LMI Jobs: 7

Use of CDBG Funds: New equipment costs for mold injection manufacturing

The City of Columbia Falls was awarded \$388,800 in economic development funds to assist Creative Sales. The City will loan \$300,000 of the grant to Creative Sales to purchase new equipment for its mold injection manufacturing and provide a grant to Creative Sales, \$60,000, for hiring and training employees. Columbia Falls and the Northwest Business Center, who helped develop the project, will receive \$28,800 for administering the project. The Creative Sales Company was established in 1980 and manufactures assorted knife sharpeners and utility fasteners. The Company will add a minimum of 12 new positions to its manufacturing operation over the next two years. The Company has projected 14 FTE jobs will be retained. At least seven of the new positions will be made available to or filled by low and moderate-income persons. After receiving on-the-job-training, these employees will receive a salary and benefits package equal to \$11.81 per hour or greater.

LOCALITY: CITY OF GLASGOW

Project Number: #MT-CDBG-ED03-02

Name of Company: AW Pratt, Incorporated

Project Location: Glasgow

Financing Date: 08/08/03

CDBG Funds:

Grant Admin	\$ 24,000
Loan for working capital; purchase of AWP stock	\$ 300,000

Other Funds:

Owner's cash injection	\$ 170,000
Wells Fargo line of credit	\$ 50,000
Wells Fargo Bank w/SBA	\$ 720,000

Total Project	<u>\$ 1,264,000</u>
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Job Creation:	29 retained, 25 FTE's
LMI Jobs:	15 (60%) of the 25 FTE's

Use of CDBG Funds: Working Capital

The City of Glasgow was awarded \$324,000 to assist AW Pratt, Incorporated. The City will make a loan of \$300,00 to assist with the purchase of AW Pratt, Inc. to enable the business to remain in Glasgow and retain 29 current positions. AW Pratt manufactures its own designs for voltage regulators, rectifiers, CD breakerless ignition systems, and standby power plant voltage regulators. Each part is designed specifically to meet the requirements of the small engine manufacturer. The City will retain \$24,000 for administrative expenses for management by Great Northern Development Corporation.

LOCALITY: CITY OF LIVINGSTON

Project Number: #MT-CDBG-ED03-03

Name of Company: PrintingforLess.com

Project Location: Livingston

Financing Date: 08/08/03

CDBG Funds:

Grant Admin.	\$ 32,000
Loan for working capital	\$ 368,000

Other Funds:

Local bank	\$ 693,500
Equity	\$ 317,000

Total Project	<u>\$ 1,410,500</u>
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Job Creation:	30
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LMI Jobs:	16
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Use of CDBG Funds: Working capital and software development.

The City of Livingston was awarded CDBG funds to assist PrintingforLess.com, a commercial printing/Internet company with online service for configuring, pricing, ordering, and proofing high-quality color printing to be located in Livingston. PrintingforLess.com is an arm of Printing For Less, an existing printing business in Livingston. In order to accommodate additional printing equipment and projected 200-300 new jobs in the future, Printing for Less is moving to a new location. It is projected that CDBG funds will assist with the initial 40 positions, of which 21 will be held by LMI.

LOCALITY: CASCADE COUNTY

Project Number: #MT-CDBG-ED03-04

Name of Company: International Malting Company (IMC)

Project Location: Great Falls Area

Financing Date: 10/15/03

CDBG Funds:

Grant Admin.	\$ 32,000
Grant for infrastructure to plant	\$ 368,000

Other Funds:

City of Great Falls	\$ 3,244,000
EDA/USDA-RD	\$ 5,402,000
IMC	\$ 75,576,600

Total Project	<u>\$ 84,622,600</u>
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Job Creation:	35
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LMI Jobs:	21
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Use of CDBG Funds: Provide water service to IMC.

Cascade County was awarded funds to provide water infrastructure service to International Malting Company. The water service will also serve an industrial park of which IMC will be the anchor business. The County will own the water line. IMC is one of the world's most diversified suppliers of malt products and a leader in the malting industry. Phase one of the construction will consist of a plant that can process 6-8 million bushels of barley per year. Upon completion, 35 new jobs will be created of which 21 will be held by LMI.

LOCALITY: CITY OF BELGRADE

Project Number: #MT-CDBG-ED03-06

Name of Company: Bacterin

Project Location: Belgrade

Financing Date: 12/16/03

CDBG Funds:

Grant Admin.	\$ 30,000
Loan for working capital	\$ 370,000

Other Funds:

Valley Bank	\$ 370,000
Equity	\$ 500,000

Total Project	<u>\$ 1,270,000</u>
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Job Creation:	23
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LMI Jobs:	16
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Use of CDBG Funds: Working capital

The City of Belgrade applied on behalf of Bacterin, Inc. for working capital. Bacterin, Inc. is a company in the biofilm research industry. It has developed an anti-infective coating for medical devices that prevents microbial formation and growth, thus reducing infections associated with medical devices. Bacterin intends to form alliances with independent medical device representatives to further develop a line of products. Bacterin plans to hire an additional 23 employees of which, 16 will be LMI.

WORKFORCE INVESTMENT ACT (WIA) AWARDS

BUSINESS NAME: MONTANA MANUFACTURING EXTENSION CENTER (MMEC)

Project Number: 03-51-0039

Project Location: Bozeman

Financing Date: 10/30/03

WIA Funds:	\$ 115,000
Other Funds:	
MMEC	\$ 115,000
Total Project:	<u>\$ 230,000</u>

Use of WIA Funds: The award is for \$115,000 to be used to reimburse costs associated with ongoing outreach and training programs provided by the Montana Manufacturing Extension Center. The funds are part of the Governor's discretionary Workforce Investment Act program that includes the Department of Labor and Industry and the Montana Department of Commerce. The MMEC, based at Montana State University in Bozeman, has provided numerous training courses to Montana manufacturers to assist them with introductory training utilizing videoconferencing and in-depth training topics including lean manufacturing; change management and value stream mapping; financial management for manufacturers; internal auditing training; cost estimating; and marketing.

BUSINESS NAME: JORE CORPORATION

Project Number: MT-WIA01-ED-03-01

Project Location: Ronan

Financing Date: 07/07/03

WIA Funds:	\$ 25,000
Other Funds:	
Jore Corporation	\$ 25,000
Total Project:	<u>\$ 50,000</u>

Use of WIA Funds: Jore was awarded \$25,000 for customized employee training for 24 employees. Jore Corporation, one of the largest employers in Lake County, is located in Ronan. It manufactures power tools accessories and drill bits for sale under private label brands and supplies products to retail stores. The number of total positions projected to be filled will be 24 full time positions that will be based in Ronan, Montana. Jore would be eligible for up to \$5,000 per eligible employee per documented training costs up to the \$25,000 award. Trained employees must be compensated at \$12.99 an hour including benefits. Funding is provided from the Governor's Discretionary Fund under the Workforce Investment Act. The Department of Commerce administers the Governor's Discretionary Fund through the CDBG-ED Program.

EDA/RLF AWARDS

LOCALITY: YELLOWSTONE COUNTY

Project Number: MT-CDBGED03-05

Business Assisted: Cattle Development Center

Project Location: Custer, Yellowstone County, MT

Financing Date: 10/15/03

EDA/RLF Funds:	\$ 269,000
Other Funds:	
CDBG (1998)	\$ 400,000
Yellowstone Bank	\$ 1,050,000
Equity	\$ 47,300
Beartooth RC&D	\$ 11,501
Yellowstone County	\$ 2,000
Total Project:	<u>\$ 1,779,801</u>

Job Creation: 14
LMI Jobs: 10

Use of EDA/RLF Funds: Working Capital

Yellowstone County was awarded EDA/RLF funds to loan to the Cattle Development Center (CDC) for working capital. The CDC was founded in 1998 and is a feedlot that serves 220-day feeding cycle. CDC projects that it will create 14 new jobs with at least 10 held by LMI.

2003 CDBG PUBLIC FACILITIES GRANT AWARDS
(Application Deadline: January 10, 2003)

APPLICANT: BEAVERHEAD COUNTY (on behalf of the Wisdom Sewer District)
Type of Project: Wastewater Treatment Facility Improvements
CDBG Amount: \$ 500,000
Other:
\$ 100,000 DNRC Renewable Resource Grant & Loan (RRGL) Program
\$ 500,000 Treasure State Endowment Program Grant
\$ 195,800 USDA Rural Development Loan
\$ 160,000 USDA Rural Development Grant
Project Total: **\$ 1,455,800**

Summary: The original wastewater treatment and collection facility, built in 1973, consists of conventional gravity sewers, two lift stations, a force main to the lagoon site and two 1.5 acre containment lagoons. A 1995 inspection by the MDEQ showed the facility had inadequate storage capacity under current influent flows and leakage from the bottom of the lagoon cells. The sewer district would construct new facultative lagoons with infiltration cells on state land 1 mile east of the existing lagoons as well as primary treatment ponds, a secondary/storage pond and infiltration/percolation disposal cells. The existing 6-inch forcemain would be extended and the main pump station rehabilitated to manage the increased head requirements. The existing lagoons would be reclaimed per EPA guidelines with sludge removal/disposal, as necessary.

Community Information: Population Served: 114
Number of Households: 69
Benefit to LMI Households: 81%
Number of Hookups.....85

APPLICANT: BIG HORN COUNTY (on behalf of the Big Horn County Memorial Hospital)
Type of Project: Hospital Renovation
CDBG Award: \$ 500,000
Other Funds:
\$ 305,666 Montana Coal Board
\$ 69,646 M.J. Murdock Charitable Trust Grant
\$ 112,500 Gladys C. Knowles Trust (pledge)
\$ 1,165,680 Local Funds Capital Campaign
Project Total: **\$ 2,153,492**

Summary: The hospital began having issues with Fire Life Safety Code (FLS) in the late 1970's and has continued to operate under grandfathered status as an existing building under the 1985 FLS. In addition, the patient rooms need renovation and upgrading with rooms that are more private and personal showers are needed in acute care and nursing home patient rooms. An expanded lab and improvements to the emergency room area are very important to the hospital's future viability. The hospital's accessibility, quality, and variety of services are significant factors in maintaining the county's quality of life. With the

increasing elderly population and need for accessible medical services for routine medical care, the facility provides a vital community service.

Community Information: Population Served: 12,671
Number of Households: 3,924
Benefit to LMI Households: 56%

APPLICANT: TOWN OF EKALAKA

Type of Project: Wastewater Project

CDBG Award: \$ 312,558

Other Funds: \$ 154,197 TSEP Grant

Project Total: \$ 466,755

Summary: This project proposes to replace the sewer line on Speelmon Avenue, install static tube aeration in the wastewater lagoon, install a WEDECO UV Disinfection System for the lagoon, and do a television inspection of all sewer collection lines. The sewer rates in Ekalaka already are nearly double the town's target rate. The town will need to increase their rates further to cover the projected O&M increases resulting from this project.

Community Information: Population Served: 410
Number of Households: 202
Benefit to LMI Households: 65%
Number of Hookups: 209

APPLICANT: TOWN OF ENNIS

Type of Project: Wastewater Treatment Improvement

CDBG Award: \$ 500,000

Other Funds: \$ 1,597,982 USDA Rural Development Loan

Project Total: \$ 2,097,982

Summary: The town's current wastewater treatment system is at design capacity and the town is facing a moratorium on residential and commercial growth. The town's treatment cells are adjacent to the Madison River and one cell is leaking badly and impacting groundwater. The project would reconstruct the existing Wastewater facility as a three-cell aerated lagoon with a continuous discharge. All ponds would be lined, adequate metering equipment would be installed, and capacity increase would allow growth and expansion of the town for the next 20 years.

Community Information: Population Served: 840
Number of Households: 478
Benefit to LMI Households: 52%
Number of Hookups: 498

APPLICANT: TOWN OF GERALDINE

Type of Project: Water System Improvements - Phase II

CDBG Award: \$ 500,000

Other Funds: \$ 500,000 TSEP Grant
\$ 100,000 USDA Rural Development Grant
\$ 140,160 USDA Rural Development Loan

Project Total: \$ 1,240,160

Summary: The proposed project would help provide adequate water supply, storage, system efficiency and address immediate water quality concerns. The water system improvement project would construct a 200,000-gallon water storage tank; drill a new municipal well; the well and storage tank would be sited to allow the mixing of the spring water and new well water supply; and replace the undersized two-inch main.

Community Information: Population Served: 359
Number of Households:.....159
Benefit to LMI Households: 63%
Number of Hookups:.....186

APPLICANT: CITY OF HAMILTON
Type of Project: Water Systems Improvements
CDBG Award: \$ 500,000
Other Funds:
\$ 846,780 SRF Loan
\$ 100,00 DNRC Grant
\$ 500,000 TSEP Grant
Project Total: \$ 1,946,787

Summary: The City of Hamilton proposes construction of a new one million gallon reservoir to provide additional water storage capacity to meet the current needs for fire and other emergency uses. This new reservoir would allow the existing sixty year-old one-half million gallon reservoir to be taken off-line for badly needed maintenance and repair work. It also proposes construction of a new well farm to provide additional water to meet the needs of the growing community and to ensure wellhead protection and installation of new water mains and fire hydrants, and metering of all service connections to the mains, as well as re-routing water mains into the roadway right-of-ways.

Community Information: Population Served: 4,200
Number of Households:.....1,539
Benefit to LMI Households: 55%
Number of Hookups:.....1,963

APPLICANT: JUDITH BASIN COUNTY (on behalf of the Geyser-Judith Basin County Water & Sewer District)
Type of Project: Water Systems Improvements
CDBG Award: \$ 308,000
Other Funds:
\$ 330,000 TSEP Grant
\$ 100,000 RRGL/DNRC Grant
\$ 294,000 USDA Rural Development Grant
\$ 219,000 USDA Rural Development Loan
Project Total: \$ 1,946,787

Summary: The proposed project would increase supply to the community by constructing two new wells west of the community. Field investigations indicate the locations and depths of the proposed wells would yield good quality water, with low levels of dissolved iron, manganese, and sulfate, eliminating the need for treatment. A new 67,000-gallon elevated steel water tank would be constructed to supplement flows and pressures during high demand periods and to provide adequate storage for fire flows or emergencies, such as a power or mechanical failure. Approximately 5,700 feet of 6-inch water distribution line would be constructed to provide adequate fire flows for the community. Water meters would be installed on all services, allowing the district to set water rates on an equitable basis and encourage water conservation.

Community Information:	Population Served:	89
	Number of Households:	44
	Benefit to LMI Households:	70%
	Number of Hookups:	52

APPLICANT:	TOWN OF MANHATTAN
Type of Project:	Wastewater System Improvements
CDBG Award:	\$ 500,000
Other Funds:	
	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL/DNRC Grant
	<u>\$ 1,252,495</u> SRF Loan
Project Total:	<u>\$ 2,352,495</u>

Summary: The town's existing wastewater treatment system is at design capacity, which has placed a moratorium on residential and commercial growth. The existing lagoons are leaking and the system is in violation of state standards. The overall project would modify the existing facultative treatment system into aerated lagoons for expanded treatment; provide storage and spray irrigation for incremental design flows to meet non-degradation requirements; and line the wastewater treatment system to prevent groundwater contamination.

Community Information:	Population Served:	2,710
	Number of Households:	670
	Benefit to LMI Households:	53%
	Number of Hookups:	701

APPLICANT:	TOWN OF MELSTONE
Type of Project:	Water System Improvements
CDBG Award:	\$ 500,000
Other Funds:	
	\$ 5,500 Town
	\$ 150,981 USDA Rural Development Loan
	<u>\$ 322,944</u> USDA Rural Development Grant
Project Total:	<u>\$ 1,946,787</u>

Summary: The Melstone water treatment plant is failing -- it cannot meet the new federal standards for total trihalomethanes and the Filter Backwash Recycle Rule. In addition, the town experienced a serious lack of water when the Musselshell River ceased flowing by Melstone in 2001 for approximately one month, then again in 2002 for over 3 months. For 2003, river flows are only projected to be 49% of normal. The proposed solution is to construct two Fox Hills wells and pipe the water directly to town. The town would abandon the failing water treatment plant and have a reliable and safe drinking water supply with far easier O&M requirements.

Community Information:	Population Served:	217
	Number of Households:	89
	Benefit to LMI Households:	68%
	Number of Hookups:	72

APPLICANT: ROOSEVELT COUNTY

Type of Project: Senior Citizen's Center

CDBG Award: \$ 500,000

Other Funds:

\$ 10,000 Local Match - In-kind (Seniors)

\$ 10,000 Local Match - In-kind (Seniors)

\$ 608,819 Local Match - Cash

Project Total: \$ 1,146,826

Summary: The present Senior Citizen's Center in Wolf Point was built in 1919. After considering the use, size and expense of complying with handicapped accessibility regulations and other safety concerns, along with structural damage, it has been deemed more prudent to sell the current structure and land and, at the preferred site to be donated by the county, construct a new adequately sized and code compliant building to house a new senior center and county social services.

Community Information: Population Served: 254
Number of Households:.....189
Benefit to LMI Households: 86%

APPLICANT: TOOLE COUNTY (on behalf of the Sweet Grass Water & Sewer District)

Type of Project: Wastewater Treatment Facility Upgrade

CDBG Award: \$ 174,590

Other Funds:

\$ 10,650 TSEP Grant

\$ 34,630 SRF II Loan

Project Total: \$ 219,870

Summary: In 1999-2000, the MDEQ notified the District that the lagoon was discharging effluent that violated water quality standards and its state permit. The preferred alternative solution proposed by the District and its engineering firm is to complete the second cell of the facility and install UV disinfection. The resulting two-cell lagoon system would provide more than the required 180-day detention time at the year 2020, with wastewater flow of 20,050 gpd.

Community Information: Population Served: 110
Number of Households:.....49
Benefit to LMI Households: 68%
Number of Hookups:.....76

APPLICANT: CITY OF TROY

Type of Project: Wastewater Treatment Improvement

CDBG Award: \$ 400,000

Other Funds:

\$ 500,000 TSEP Grant

\$ 100,000 RRGL/DNRC Grant

\$ 400,000 USDA Rural Development Grant

\$ 630,800 USDA Rural Development Loan

Project Total: \$ 2,030,800

Summary: The city's water system consists of predominantly steel mains, galvanized services, two wells, and a 125,000 gallon storage tank. Leakage wastes at least half the water produced. One of the wells is relatively shallow and is the likely source of frequent bacteriological contamination. This project proposes to drill a new backup well, add disinfection to the wells, construct a new 180,000 gallon storage tank,

replace the services, install meters, and replace several sections of main with extensive record of repairs caused by severe deterioration.

Community Information: Population Served: 1,121
Number of Households:.....532
Benefit to LMI Households: 62%
Number of Hookups:.....555

2004 CDBG PUBLIC FACILITIES GRANT AWARDS
(Application Deadline: May 23, 2003)

APPLICANT: BUTTE-SILVER BOW COUNTY

Type of Project: Infrastructure Improvements (Curbs, Sidewalk, Gutter and Sewer and Water) for the Central Butte Neighborhood

CDBG Award: \$ 248,000

Other Funds: \$ 82,500

Project Total: \$ 330,500

Summary: The Main Street neighborhood in Butte is over 100 years old, with homes built between 1896 and 1917. Currently, 81% of the sidewalks in the proposed three-block area are considered highly substandard, resulting in dangerous conditions for the residents and the general public. There is considerable foot traffic on these sidewalks as Main Street is a major thoroughfare to the Central Business District and to the only public high school in Butte. Improvements to this three-block area would consist of removal and replacement of sidewalks, curbs and gutters, construction of handicapped accessible ramps, replacement of hydrants, and installation of new sewer and water hook-ups at eleven newly, constructed homes.

Community Information: Population Served: 110
Number of Households:.....63
Benefit to LMI Households: (2003 Neighborhood Survey)..... 97%

APPLICANT: CASCADE COUNTY

Type of Project: Water Distribution/Wastewater Collection

CDBG Award: \$ 500,000

Other Funds: \$ 900,000 Small Town Assistance Grants (STAG)
\$ 500,000 Treasure State Endowment Program (TSEP)
\$ 100,000 MDNRC Renewable Resource Grant & Loan (RRGL)
\$ 480,000 State Revolving Loan Fund (SRF)
\$ 20,000 TSEP/MDNRC Planning Grants

Project Total: \$ 5,840,000

Summary: The Upper/Lower River Road Water and Sewer District began developing in 1917 with the first subdivision plat. There are now eight different subdivisions and five mobile home parks with on-site water and wastewater systems. After doing a groundwater study in 1997-1998, the Montana Department of Environmental Quality and the City/County Health Department found high levels of nitrate and ammonia in drinking water wells. This project proposes to install 25,700 feet of 8" PVC sewer lines, 23,200 feet of 8" PVC water mains, water meters for all users, and connect to the existing City of Great Falls water transmission and sewer trunk lines that transect the District.

Community Information: Population Served: 1,109
Number of Households: 442
Benefit to LMI Households: 2003 Neighborhood Survey 58%
Number of Hookups: 442

APPLICANT: DAWSON COUNTY

Type of Project: Senior Citizens Center

CDBG Award: \$ 500,000

Other Funds:

\$ 100,000 Local – Cash-County
\$ 61,800 Local – Fundraising
\$ 85,000 In-Kind – Site Work
\$ 5,000 Local – Preliminary Architectural/Grant Writing

Project Total: \$ 751,800

Summary: The Dawson County Senior Center building was constructed in the early 1920's and is about 40' x 50' in size with a basement. Later, a 40' x 50' addition was constructed to the north and another 10' x 80' addition to the west was added around 1947. More recently, another 11' x 14' addition was constructed to the north. The building has reached its useful life span and must either be replaced or extensively remodeled. Dawson County proposes to construct a new facility at an alternate location. This facility would address all health and safety issues and provide a long-term solution to the problems it faces with the current facility.

Community Information: Population Served: 9,059
Number of Households: 3,625
Benefit to LMI Households: 51%

APPLICANT: CITY OF LAUREL

Type of Project: Wastewater Collection System

CDBG Award: \$ 500,000

Other Funds:

\$ 15,000 Treasure State Endowment Program (TSEP)
\$ 268,000 City of Laurel - Sewer Enterprise Reserve
\$ 10,000 Department of Natural Resources (MDNRC)

Project Total: \$ 793,000

Summary: The City of Laurel's wastewater facilities consist of a wastewater collection system (constructed in 1910), two lift stations, and a wastewater treatment facility. The treatment plant is currently treating in excess of 1.0 million GPD of ground water during the summer months. During peak flow events, the plant is not able to treat to permitted effluent limits. Increasing amounts of infiltration and inflow are impacting the capacity of sewer mains within the collection system. The city proposes to repair and replace within their wastewater facilities: the Idaho Avenue sewer main, an 8-inch sewer main connected to the larger 18-inch plant trunk main, and the wastewater treatment plant drain pump station.

Community Information: Population Served: 6,255
Number of Households: 2,529
Benefit to LMI Households: 2000 Census: 48%
Laurel 2000 Income Survey: 56%
Number of Hookups: 2,907

APPLICANT: CITY OF LEWISTOWN
Type of Project: Wastewater Facility Improvements
CDBG Amount: \$ 379,200
Other Funds:
\$ 136,460 USDA/Rural Development
\$ 29,680 Local – Cash
\$ 600 Local – Match
Project Total: \$ 545,940

Summary: The Joyland East area of Lewistown Heights was annexed by the City of Lewistown in December 2001. Due to growth expectations circa 1910, the Lewistown Heights area was platted to accommodate substantial anticipated growth. Because of the overall age of the residences and their septic systems, a number of systems are currently failing, including wastewater drain fields. Phase I of the proposed project includes extending the city's wastewater service with gravity mains (eliminating individual septic systems). This would include installing 3,600 feet of new eight-inch gravity mains, 4,400 feet of four-inch service lines, 16 concrete manholes, 44 gravity service connections (to existing dwellings), and four grinder pump-equipped service connections.

Community Information: Population Served: 99
Number of Households: 48
Benefit to LMI Households: 79%
Number of Hookups: 44

APPLICANT: PONDERA COUNTY (on behalf of the Pondera Medical Center)

Type of Project: Renovation/Expansion of a County Healthcare Facility
CDBG Amount: \$ 302,000
Other Funds:
44,133 Private Donations – Matching Funds
\$ 59,205 Fundraisers – Matching Funds
Project Total: \$ 405,338

Summary: Pondera Medical Center Extended Care (PMCEC) is a 59-bed extended care facility in north central Montana (located in Conrad) which serves over 6,000 people from the communities of Dutton, Brady, Conrad, Valier, Collins, and Depuy. The Special Care Unit is a narrow controlled-entry hallway created for residents suffering from Alzheimer's disease and other dementia-related disorders. The census for this unit is at 19, which is 100% occupied, resulting in minimal space for the patients to carry out their everyday activities. The dining area allows for only half of the residents, while the other half are directed to take their meals in the hallway. The "living room" has the same space inadequacies. The existing space in the Special Care Unit currently meets only the minimum standards of state regulations. PMCEC proposes to expand the nursing home by adding a 2,000 square foot addition to the Special Care Unit in order to increase the quality of life for a growing group of elderly residents who need specialized, Alzheimer-related, long-term care.

Community Information: Population Served: 59
Number of Households: 59
Benefit to LMI Households: 81%

APPLICANT: TOWN OF SUPERIOR**Type of Project:** Wastewater Lift Station Improvements**CDBG Amount:** \$ 252,085**Other Funds:**

\$ 232,586 State Revolving Loan Fund

\$ 19,500 Local – cash reserves

Project Total: \$ 504,171

Summary: The existing wastewater treatment and collection system was built in 1969, utilizing an aerated lagoon system, gravity collection and three lift stations to pump the collected waste. The proposed project would include replacement of all three existing lift stations utilizing submersible pumps located in new concrete wet wells. All pump controls would be located above ground and the submersible pumps could be removed for operation and maintenance without entering the wet wells. The stations would have new controls and alarm systems complying with MDEQ design standards and an ultraviolet disinfection system would be installed to treat the lagoon effluent.

Community Information: Population Served: 893
Number of Households: 373
Benefit to LMI Households: 66%

2003 CDBG HOUSING PROJECT AWARDS
(Application Deadline: October 15, 2002)

APPLICANT: TOWN OF MEDICINE LAKE (FFY 2003 funding and FFY 2002 funding)**Type of Project:** Housing Improvement Project**CDBG Amount Requested:** \$ 452,500**Other Funds:**

\$ 30,000 USDA Rural Development Section 504

\$ 12,500 Human Resource Dev. Council (Action for Eastern MT)

Project Total: \$ 495,000

Summary: The Town of Medicine Lake's proposed project would rehabilitate 27 substandard homes owned by persons with low to moderate incomes. The project would also include demolition of 10 vacant, severely substandard housing units after completion of an Historic Inventory. This project would focus on bringing housing units up to basic code standards by addressing structural deficiencies, improving electrical systems, plumbing and roofing, meeting lead-based paint requirements, and incorporating energy conservation measures, by coordinating efforts with Action for Eastern Montana's Low Income Weatherization Assistance Program (LIWAP). Energy conservation assistance would be provided to 15 LMI homeowners. Housing rehabilitation assistance would be provided to 12 LMI homeowners to correct health and safety deficiency issues in their homes.

2004 CDBG HOUSING PROJECT AWARDS
(Application Deadline: October 17, 2003)

APPLICANT: GALLATIN COUNTY**Type of Project:** "The Road to Home" Homeownership Center

CDBG Amount Requested: \$ 500,000

Other Funds:

\$ 1,000,000	Rural Development (Rural Home Loan Partnership)
\$ 29,200	Northern Rocky Mountain RC&D
\$ 10,000	United Way
\$ 200,000	Neighborhood Housing Service
\$ 10,000	HRDC
\$ 20,000	Local Initiatives Support Corporation (LISC)
\$ 20,000	Private Foundations
\$ 3,000,000	Montana Board of Housing
\$ 5,412,000	Private Lenders
\$ 60,000	Home\$tart
\$ 200,000	City of Bozeman
\$ 100,000	RHED

Project Total: \$ 10,561,200

Summary: The "Road to Home" is a comprehensive homeownership center providing low- to moderate-income families with home purchasing education, mortgage counseling, and down payment assistance. This project would ensure that area lenders are carrying affordable mortgage products, help purchasers obtain public and private financing resources and assist in loan packaging so that the purchasers receive the best mortgage for their circumstances. CDBG funds would be used as a revolving down payment assistance fund for households below 80% of the Area Median Income. The "Road to Home" would network with the many existing homeownership centers in Montana to bring the benefits offered by these programs to LMI households seeking to purchase a home within Gallatin County's developed areas.

APPLICANT: CITY OF KALISPELL

Type of Project: First-Time Homebuyer

CDBG Amount Requested: \$ 324,500

Other Funds:

\$ 800,000	MBOH Set-Aside
\$ 520,000	Rural Development Set-Aside
\$ 40,000	Glacier Affordable Housing Foundation
\$ 200,000	Neighborhood Housing Services

Project Total: \$ 1,884,500

Summary: This project would provide down payment and closing cost assistance to ten low to moderate income First-Time Homebuyers who would purchase homes in the City of Kalispell. The City would partner with the Glacier Affordable Housing Foundation to secure the no-interest, deferred payments through a Resale Restrictive Agreement. When the homes are sold or financed, the funds would be recaptured and be used by future eligible homebuyers for home purchases.

APPLICANT: LEWIS & CLARK COUNTY

Type of Project: Affordable Rental Housing Complex (Meadowlark Residences)

CDBG Amount Requested: \$ 500,000

Other Funds:

\$ 485,063	Valley Bank of Helena
\$ 500,000	HOME
\$ 1,956,740	LIHTC

Project Total: \$ 3,441,803

Summary: Meadowlark Residences, a project of Lewis and Clark County and nonprofit developer Rocky Mountain Development Council, would provide 32 one-bedroom units in a combination of one and two story buildings with an additional building containing a common activity and meeting room for residents.

The complex would be located close to St. Peter's Hospital, other medical care providers, schools, and shopping and city bus services would be available. All units would be handicapped accessible.

2003 HOME PROJECT AWARDS

APPLICANT: City of Missoula

HOME Request: \$ 500,000

Total Project Budget \$ 3,238,848

Summary: Provide homebuyer assistance to 25 low-income households.

APPLICANT: Lewis and Clark County

HOME Request: \$ 330,000

Total Project Budget \$ 1,878,000

Summary: Provide homebuyer assistance to 15 low-income households.

APPLICANT: Helena Housing Authority

HOME Request: \$ 300,000

Total Project Budget \$ 2,729,475

Summary: New construction of 31 rental units for low-income households, one-third of which will be designated for disabled tenants.

APPLICANT: AWARE, Inc. (CHDO)

HOME Request: \$ 276,776

Total Project Budget \$ 463,676

Summary: New construction of a duplex to serve eight developmentally disabled adults in Glendive, Montana.

APPLICANT: Rocky Mountain Development Council (CHDO)

HOME Request: \$ 500,000

Total Project Budget \$ 2,748,943

Summary: Acquire and rehabilitate existing rental housing (36 units) in Boulder, Montana. Twelve units will be designated as HOME-assisted.

APPLICANT: Flathead Lake CHDO

HOME Request: \$ 64,724

Total Project Budget \$ 78,324

Summary: Provide Tenant-Based Rental Assistance to 10 mentally ill adults in Bozeman, Montana.

APPLICANT: City of Hamilton

HOME Request: \$ 500,000

Total Project Budget \$ 3,204,068

Summary: Acquire an existing 60-unit senior rental housing with an expiring HUD contract.

APPLICANT: Town of Terry

HOME Request: \$ 346,600

Total Project Budget \$ 472,650

Summary: Provide homebuyer assistance to two low-income households and homeowner rehabilitation to 16 low-income homeowners.

APPLICANT: City of Shelby

HOME Request: \$ 450,000

Total Project Budget \$ 1,240,000

Summary: Provide homebuyer assistance to 15 low-income households and homeowner rehabilitation to 15 low-income homeowners.

APPLICANT: City of Laurel

HOME Request: \$ 280,000

Total Project Budget \$ 1,022,500

Summary: Provide homebuyer assistance to 20 low-income households and homeowner rehabilitation to 20 low-income homeowners.

APPLICANT: Lake County CHDO

HOME Request: \$ 387,000

Total Project Budget \$ 775,000

Summary: New construction of two duplexes for rent to low-income households and new construction of three single-family homes for purchase by low-income first-time homebuyers.

I.B.5 PATTERN OF PLANNED VERSUS ACTUAL INVESTMENT

The HOME and CDBG programs were carried out in accordance with results of the competitive application processes.

I.B.6 LIHTC ALLOCATION AND THE PROVISION OF HOUSING

The LIHTC program was carried out in accordance with the MBOH Qualified Allocation Plan, approved by the MBOH on October 16, 2003 and by Governor Judy Martz on October 30, 2003.

I.B.7 LEVERAGING AND MATCHING FUNDS

The **CDBG Economic Development** program is a major player in economic development financing in Montana. The measures of success for the program are the number of jobs created, the leveraging of other funding to complete project financing, and amounts repaid to local revolving loan funds. Economic development projects have leveraged U.S. Small Business Administration programs such as the SBA 7A and 504 programs, Economic Development Administration local revolving loan funds, and the Rural Development Intermediary Relending Program and Business and Industry Loan Guarantee program. Economic development projects have also leveraged State programs such as the Montana Board of Investments and the Montana Growth through Agriculture program.

The CDBG-ED program requires a minimum 1:1 match; one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. Based on the past five years, CDBG-funds have leveraged over twelve (12) times the amount available for awards. On average, over the last five years nearly \$12.5 million of CDBG funds were leveraged annually with \$153 million in other funds.

The **CDBG Public Facilities and Housing** categories leverage funds from other entities for a ratio of 2:1 to 3:1. In the Public Facilities category of the CDBG program, local governments must provide at least a 25 percent match of total CDBG funds requested. Match is not required for CDBG Housing projects.

HOME funds used for project activities must be matched at 25 percent. During Plan year ended 2004, the HOME program incurred a match liability of \$1,253,575 with a total match provided of \$817,877. Montana has excess match from prior Federal fiscal years in the amount of \$8,378,620. The HOME program used \$435,698 from the excess match to make up the difference. The total cost of all projects funded in the Plan year ended 2004, including \$3,935,100 of HOME funds, was \$17,851,484, providing more than a 9:2 leverage of HOME funds.

The **ESG** program verifies that required match is documented by contracted agencies. This item was reviewed by HUD during their monitoring review conducted April 24 and 25, 2002 and not found deficient.

I.B.8 CONTINUUM OF CARE

The U.S. Department of Housing and Urban Development has initiated an array of policies to address the critical problem of homelessness in the United States. HUD's approach to breaking the cycle of homelessness is known as the Continuum of Care (COC) and is an element of the consolidated planning process.

Homeless Continuum of Care

The Montana continuum of care strategy is led by a statewide coalition of statewide homeless service providers called the Montana Continuum of Care Coalition (MTCoCC) and supported with contract services from the Montana Department of Public Health and Human Services. The MTCoCC system is meant to provide a full continuum of care, including emergency shelter, transitional and permanent supportive housing and other supportive services, throughout the state so that every homeless individual or family is given the help needed to regain stability and permanent residency.

The MTCoCC provides a statewide planning process and facilitates the application for McKinney-Vento Act funding. It is open to any interested individual or organization. The Coalition also strives to achieve improved coordination and leverage of existing resources and programs the majority of which come through the MDOC Housing Division and various divisions of the MDPHHS. These resources include "Mainstream Resources," such as SSI, TANF, SCHIPS, Medicaid, Workforce Investment Act and Veterans Health Care, but also include the coordination of programs such as the PATH program and community mental health centers, veterans programs, Montana HOME and other housing programs, and community service block grant supported programs, including LIEAP, Emergency Shelter Grants, Head Start, Runaway and Homeless Youth program and many more.

While the Coalition strives to meld and leverage these programs and resources at the state level, it also strives to assure homeless persons access these programs through effective, coordinated case management and service delivery at the local level. It does so by encouraging strong community continuum of care organizations that brings all providers of homeless services together to identify needs, close gaps, coordinate client services across all programs, and to identify new and innovative approaches to eradicating homeless conditions.

The MTCoCC has worked to achieve these goals through such activities as conducting an annual statewide survey of the homeless population, an annual statewide inventory of homeless resources, facilitating an annual planning and priority-setting process and, ultimately, preparing a statewide grant application for homeless funds. In the past year, the Coalition has also undertaken the creation and implementation of a plan to eradicate chronic homelessness by 2012 and a plan to ensure that no person is discharged into homelessness from a state institution or program. The Coalition has worked with the MDPHHS Intergovernmental Human Services Bureau to sponsor the creation of the Homeless Policy Academy Team, an Interagency Council on Homelessness, and the implementation of a Homeless Management Information System (HMIS) needed to gather and track data on efforts to serve the homeless.

The Montana Continuum of Care Coalition began in 1998 with grants for two projects, totaling \$447,600. Since then, it has secured funding for thirty-five (35) new and renewal projects totaling more approximately \$9 million. Over the past six years, the MTCoCC has provided 148 new units of permanent housing with supportive services for the

seriously disabled, and 102 new units of transitional housing for individuals and families and for a variety of supportive services. In 2003, the MTCoCC renewed grants to continue funding for 64 units of permanent housing with supportive services for seriously disabled, 33 units of transitional housing for individuals and 99 units for families and other supportive services reaching well over 300 individuals and families.

SECTION C - HOUSEHOLDS AND PERSONS ASSISTED

The State of Montana, excluding the entitlement areas of Great Falls, Billings, and Missoula, delivered housing services and programs to a significant number of households and individuals from April 1, 2003 through March 31, 2004. However, a comprehensive count of the number and types of households assisted with housing by the HOME and CDBG program during the Plan year is difficult to obtain since the two programs have disparate tracking and reporting requirements in IDIS.

The Montana HOME Program assisted an equal number of households in the areas of rental assistance and home ownership assistance. In total, 168 households were reported as receiving some type of rental assistance, either Tenant Based Rental Assistance (TBRA) or rental housing. One hundred sixty-eight (168) home ownership assistance, either homeowner rehabilitation or homebuyer activities.

Existing homeowners received rehabilitation assistance to bring their property up to decent, safe, and sanitary conditions. The HOME Program reported 54 households assisted with some type of rehabilitation, with eight (15%) of the households having an income less than 30% of AMI. Additionally, 114 households, including 23 at 50% or less of AMI, were able to purchase their own homes after receiving down payment or closing cost assistance or both.

The Montana CDBG Program reported serving 555 households, and 1,482 persons, with some type of housing assistance, including rental housing, homebuyer assistance, and homeowner rehabilitation. The majority of persons and households assisted during the Plan year had incomes at or below 80 percent of area median, as required by regulation.

The MDOC Tenant Based Section 8 Housing Assistance Program reported that of the households receiving assistance:

- 576 were identified as having an elderly head of household,
- 1,686 were single-person households,
- 2,992 were small related, non-elderly households,
- 334 were large, related non-elderly households, and
- 3,417 households for which the income level was reported had incomes 50 percent or less of the area median
 - 2,790 of those households had incomes at 30 percent of the area median

(Note: The income level for 2,171 households was not available because the households came on the Section 8 program before income targeting was implemented.)

Additionally, 1,731 disabled households received Section 8 rental assistance.

An accurate count of homeless households receiving assistance is difficult to obtain. Many shelters only count the number of meals served or the total number of shelter nights. This can result in families and individuals being counted several times based on how long they remain at a shelter. However, for 2003 Homeless Population and Subpopulations Chart, the MTCoCC reported 295 homeless individuals received emergency shelter and another 233 received transitional shelter. Forty-eight (48) homeless families with children, with a total of 133 family members, received emergency shelter. An additional 42 families, with 118 family members were assisted with transitional shelter.

Every attempt was made to avoid duplication of counts regarding the numbers given in the previous paragraphs and represents a good faith count of assisted persons during the program year. The State does not have specific goals for the delivery of housing programs and services to social and ethnic minorities and does not track assistance goals in this manner. However, the incidence of program support for minorities surpasses their respective share of the statewide population.

SECTION D - OTHER ACTIONS UNDERTAKEN

I.D.1 REVIEW AND REFINEMENT OF PUBLIC POLICY

Housing

Housing policies and housing program responsibilities are divided among a variety of agencies and organizations throughout both the State and Federal governments. To aid in coordination and enhancement of program and agency efforts, the MDOC created the Housing Coordinating Team (HCT), a group of State and Federal housing programs and nonprofit organizations that finance, regulate or provide housing related services. (See Exhibit I on page 48 for HCT membership.) The group was formed to aid in directing and solving housing problems facing the State. The Team seeks input from private citizens and local organizations on various housing related topics. The HCT was modeled after the Water, Wastewater, and Solid Waste Action Coordinating Team (W₂ASACT), which coordinates finances among State and Federal agencies and provides assistance for community water and wastewater systems.

The goals of the HCT are to:

- increase coordination between the various housing agencies and programs;
- identify areas where there are impediments to affordable housing development;
- improve access to housing programs through education, including multi-agency workshops; and
- improve service delivery to funding recipients.

The MDOC's policy is to continue to refine and enhance application guidelines, forms, and workshops. To make the programs easier to access, the staff looks at streamlining documentation requirements each year. The MDOC also expanded its role in providing and interpreting information to aid localities in determining and quantifying their housing needs and problems and finding alternative solutions to those problems.



EXHIBIT 1

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Montana Home Choice Coalition

Through the support of Fannie Mae, the Montana Home Choice Coalition formally convened in the summer of 2002. The Coalition's mission is to create better community housing choices for all people with disabilities by working through a coalition of Montana citizens, advocates, providers, local, tribal, state and federal agencies, the housing finance community, realtors, and the home building industry.

The Coalition, through its lead agency A.W.A.R.E., Inc., is in its second year of a three-year Center for Medicaid and Medicare Systems Change grant through the Montana DPHHS to support its mission of expanding housing opportunities for individuals and families with disabilities. The Coalition is focused on three general housing development goals: expanding homeownership to people with disabilities, creating Olmstead-related community housing solutions for people with disabilities currently residing in institutions, and creating Universal Design, fully-accessible, community-integrated affordable apartments. The Coalition is also actively engaged in advocating for additional resources targeted at the housing needs of people with disabilities, particularly those with very low incomes. In addition, the Coalition is involved in technical assistance and education efforts aimed at building the capacity of the disability community to access mainstream housing resources and to engage directly or in partnership in housing development activity.

Economic Development

Plan year ended 2004 represented more of a continuation of local development corporations who function as the subrecipients and administrators of CDBG-ED projects and the subsequent revolving loan funds. Local development corporations are able to provide a broad range of business development services, which include financing and technical assistance programs. Recognizing the economies of scale and efficiencies in sharing resources, the State is moving in the direction of encouraging, but for this program year, not requiring that CDBG-ED projects be administered by a community development corporation that is preferably regional in its scope of services, experienced in administering CDBG projects, with a track record of community lending.

Since the inception of the CDBG-ED program as a stand-alone program in 1989, the number of RLFs has proliferated. The number of RLFs created and dollars under management is voluminous. Approximately 10 projects per year have been funded over the past 10 years, resulting in approximately 60 RLFs across the State, a secondary result of providing a loan to a business with CDBG-ED funds. Yet, the CDBG program has never been staffed to provide adequate technical assistance to RLFs. The number of RLFs created and the need for technical assistance continues to increase.

For program year 2005, the Montana Department of Commerce will likely require local governments to contract with a regional development organization that has been qualified as a Certified Regional Development Organization (CRDC). The CRDC will be a new program in the MDOC, designating twelve CRDC's across Montana. CRDC's will

manage regional revolving loan funds and be subject to all requirements as suggested by the CDBG program.

The MDOC is an active member of the Montana Economic Developers Association (MEDA), a statewide association of economic development professionals, including professional "lead" economic developers, business specialists, government employees, and staff members of affiliated nonprofit organizations that promote and foster economic development activities in Montana. MEDA is a private nonprofit organization created to increase the effectiveness of local economic development efforts by acting as a statewide resource for its membership.

MEDA sponsors educational seminars, workshops, and conferences to advance the economic development profession. It coordinates statewide economic development workshops that provide intense training for economic developers interested in obtaining professional certification. It conducts research to stimulate the interchange of ideas and experiences between individuals with mutual goals and interests. MEDA also develops network and communications systems to disseminate information and acts as a clearinghouse and contact point within Montana for other state, regional, national, and international economic development organizations and agencies.

I.D.2 ENHANCEMENT OF INSTITUTIONAL STRUCTURE

The Uniform Application (Uni-App) for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is used by the housing programs. The Uni-App Team expanded the application to include the environmental review section to be compatible with all participating agencies. Now that applicants have used it for several years, the Team will re-examine the Uni-App in the coming Plan year to determine if any revisions are needed.

During the Plan year, the MDOC Housing Division and Census and Economic Information Center (CEIC), the Montana Association of Realtors (MAR), and the Montana Building Industry Association (MBIA) joined forces to develop a more comprehensive, easily accessible housing information database. The Housing Division, MAR, and MBIA were working independently with the Center for Applied Economic Research (the Center) at Montana State University-Billings to gather housing-related information and to produce reports. While it is still in the early stages, the purpose of the newly formed research partnership is to provide for systematic data collection and analysis and dissemination of research results through a central website maintained by the MDOC. Initially, the website would make frequently requested Census information and the analysis of housing prices, sales trends, affordability and attainability, and new construction activity available by County

The State continues to expand its coordination with the private sector. Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally-assisted housing improvement programs to meet their obligations under the federal Community Reinvestment Act (CRA). An ongoing example

of CRA activity in Montana is the Glacier Affordable Housing Foundation, formed by Glacier Bancorp, Inc. to assist low- and very low-income families in purchasing homes in Lewis and Clark, Flathead, Glacier, Lincoln, Sanders, Lake and Yellowstone counties. The Foundation's Home Ownership Assistance Program established a permanent revolving loan fund for continuing homebuyer assistance, along with a commitment from the MBOH to provide low-interest, long-term financing. HOME and CDBG grantees have received approval to complete projects that leverage these foundation funds.

State housing and human service officials are playing an active role in the activities of the Montana Home Choice Coalition, as detailed on page 49. The creation of this Coalition enhances the mutual understanding of state housing and service officials as to the housing needs and desired housing choices of Montana citizens with disabilities. The Coalition expects to enhance the housing opportunities of people and families with disabilities through this collaboration.

The Montana HomeOwnership Network is a unique collaboration that has developed over the years in Montana to provide homeownership services to lower income families statewide. Realtors market homeownership to customers. The Neighborhood Housing Services (NHS) of Great Falls, the RC&Ds (Resource Conservation & Development Areas of NRCS/USDA), the Missoula Housing Corporation, the City of Billings, and WORD train potential homebuyers. Neighborhood Reinvestment, NHS's national affiliate, "trains the trainers" and the MBOH and Rural Housing Services (RHS) provide first mortgages. Local lenders package the loans. NHS and the MBOH provide second mortgages for down payments and closing costs.

Additional examples are seen by the increased attendance levels of bankers at the application workshops and the extent to which the financial community is becoming involved in construction loans for a variety of HOME and CDBG projects.

The MDOC promoted and assisted nonprofit organizations and other entities in applying for and receiving certification as Community Housing Development Organizations (CHDOs). Funding for CHDOs allocated in the Plan year ended March 31, 2004 grant competition totaled 28 percent of the grant awards, or \$1,163,776. The total estimated cost of CHDO projects was \$3,987,617. Certified CHDOs include:

- Action for Eastern Montana, Glendive
- A.W.A.R.E., Inc., Anaconda
- Bozeman Interfaith Housing II, Inc.
- BSW, Inc., Butte
- District IV Human Resources Development Council, Havre
- District VI Human Resources Development Council, Lewistown
- District VII Human Resources Development Council, Billings
- District IX Human Resources Development Council, Bozeman
- District XI Human Resource Council, Missoula
- District XII Human Resource Council, Butte
- Flathead-Lake CHDO, Kalispell
- Garden City CHDO, Missoula
- Glacier Affordable Housing Foundation, (GAHF) Kalispell
- Great Northern Development Corp. (GNDC), Wolf Point
- Habitat for Humanity of Southwest Montana, Butte
- Helena Housing Development Corporation
- Lake County Community Housing, Ronan
- Little Bitterroot Services, Plains
- Missoula YWCA, Missoula
- National Affordable Housing Network, Butte

- Neighborhood Housing Services, Great Falls
- Northwest Montana Human Resources, Inc., Kalispell
- North Missoula Community Development Corp., Missoula
- Opportunities, Inc., Great Falls
- Ravalli Services Corporation, Hamilton
- Regional Services, Billings
- Rocky Mountain Development Council, Inc., Helena
- Samaritan House, Kalispell
- Supporters for Abuse Free Environments (SAFE), Inc., Hamilton
- Wolf Point Development Corp., Wolf Point
- Women's Opportunity & Resource Development (WORD), Inc., Missoula

I.D.3 INTERAGENCY COOPERATION AND COORDINATION

As discussed in I.D.1, the MDOC created the HCT to promote interagency cooperation and coordination. The members of the HCT meet several times per year and develop goals and objectives, share program information, identify housing activity, and develop ideas to pursue further coordination with individual housing providers and local organizations. The HCT has also been responsible for coordinating training regarding predatory lending and the HUD Office of Multifamily Housing Assistance Restructuring (OMHAR) information session. The group participated in developing the Housing Resource Directory, the Uniform Application for housing programs, and an environmental review checklist, and coordinated workshops.

In 1996, the Housing Division's Board of Housing created a Housing Working Group to review areas where regulations are adding to the cost of housing. Other areas the Working Group continues to address include the legislative process, comprehensive planning and zoning, and subdivision standards. The working group developed, in conjunction with the MBIA, the MDEQ, and Fannie Mae, an Affordable/Energy Efficient House Plan Book. This long awaited housing plan book, entitled *Montana Housing Solutions – Designing for Comfort & Quality*, has been printed and is available to the public. Currently the book is being distributed free of charge, but it is anticipated that a small fee may be charged in the future to cover printing costs. The process for updating the book is being considered by the development committee.

The Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is now used by all of the programs. The Uni-App Team expanded the application to include the environmental review section to be compatible with all participating agencies. The Team continues to work on developing common compliance monitoring forms and procedures.

The CDBG program conducted joint public facility application workshops in cooperation with the Treasure State Endowment Program, MDNRC Renewable Resources Program, USDA Rural Development, Montana INTERCAP, and Montana Department of Environmental Quality State Revolving Fund. These activities were carried out in cooperation with the Water, Wastewater, and Solid Waste Action Coordinating Team (W₂ASACT).

The minimum population requirement was eliminated for Census Designated Places (CDP) for the Census 2000. This provided an opportunity to propose smaller CDP areas, especially those areas encompassed in water and sewer districts within county

unincorporated areas. Because accurate statistical information is a vital component of grant and loan funding requests, the MDOC in cooperation with the MDEQ and the MDNRC hired a consultant to coordinate water and sewer district boundaries with census geography. For the 2000 Census, 119 new CDPs were carved out of former county territory for specific enumeration.

As a result, new CDP data provides population and socio-economic information that is crucial for the fast growing, unincorporated communities within the State. In the past, census data for these areas was simply combined or "lumped" into the surrounding rural county area. For the 2000 Census, specific boundaries were drawn around many of the unincorporated communities in Montana in order to get specific information for these areas. This data is a very important planning tool that can assist in providing all kinds of public services and assistance to these areas and simplify the process of applying for federal and State funding for these small, unincorporated communities.

The Community Development Division continued its participation in W₂ASACT, facilitating coordination among all Montana federal, State, and nonprofit organizations involved in funding, regulating, and assisting community infrastructure. The Division continued to utilize a Uniform Application for Public Facility Projects mutually developed and shared by W₂ASACT agencies.

The CDBG-ED Program works with many financing and technical assistance programs within the Business Resources Division: the network of Small Business Development Centers (SBDCs), which are jointly funded by the MDOC and the U.S. Small Business Administration (SBA); Business Location and Recruitment; the International Trade Office; Census and Economic Information Center; Regional Development; MicroBusiness Finance; and outside the Division, the Montana Board of Investments programs and the Governor's Office of Economic Opportunity.

In addition, State and local program administrators work closely with the Montana Job Service under the Montana Department of Labor. The Job Service handles the application process and screening for low- to moderate-income levels. The MDOC continues to work with them to better serve the CDBG-ED program. The Job Service now focuses on serving employers through their statewide network of Business Advocates. The Business Resources Division will continue to coordinate with them on training and technical assistance activities.

Business Resources Division staff continues to participate at meetings and workshops with local development corporations, the federal Economic Development Administration representative, federal Rural Development personnel, and economic developers across the State through the Montana Economic Developers Association. The CDBG-ED Program also recognizes that housing and infrastructure are key components tied to economic development. CDBG-ED works cooperatively with HOME and the CDBG Public Facilities and Housing Programs. CDBG-ED staff attends regularly scheduled W₂ASACT meetings. W₂ASACT is comprised of professionals from state, federal, and nonprofit organizations that finance, regulate, or provide technical assistance for

community water and wastewater systems. These professionals coordinate their efforts to streamline their application process, and to find ways to improve our state's environmental infrastructure. CDBG-ED staff continues to participate in the public involvement meetings for development of the Consolidated Plan.

The MDOC Housing Division HOME Program through its technical assistance contract with HUD has offered the Addictive and Mental Disorders Division (AMDD) of MDPHHS additional dedicated, technical assistance to develop new housing opportunities for people with mental illness, and service providers' organizational capacity to address the need for housing in the future. In addition, an AMDD staff member was added the Consolidated Plan steering committee.

The MDOC Housing Division Consolidated Plan also lends support to MDPHHS planning efforts related to the State's response to the 1999 Olmstead Supreme Court decision requiring States to ensure that people with disabilities have every opportunity to live in the least restrictive environment outside of institutions. Montana has historically had a high institutionalization rate at the State Hospital at Warm Springs and the State Mental Health Nursing Center in Lewistown. The Olmstead planning process is expected to target the need for the development of specialized housing programs to serve the needs of people with mental illness who are currently hospitalized but could be better served in the community. The MDPHHS identified and funded two major Olmstead initiatives during the 2003 legislative session:

- The MDPHHS closed the Eastmont Training Center for the Developmentally Disabled in Glendive in December 2003 and is transitioning residents to community settings in Glendive and transferring them to the Developmental Center in Boulder. The MDPHHS Developmental Disability Program funded the construction of two intensive community living facilities in Glendive.
- The MDPHHS identified the closure of a wing of the State Mental Health Nursing Home at Lewistown as a priority and is transitioning residents to community-based supportive housing programs.

The MDOC supports and participates in the Montana Home Choice Coalition. The Home Choice Coalition forms partnerships with agencies and financial institutions to provide home ownership and other housing opportunities to people with disabilities or families that have members with disabilities living with them. In the past year, the Coalition collaborated with many various to bring better housing options to people with disabilities, including:

- The Helena Housing Authority (HHA) to create an affordable rental development that fully incorporates Universal Design features in 22 out of 31 units. The HHA, using funds from the Montana HOME Program, a Federal Home Loan Bank of Seattle Challenge Grant, and Low Income Housing Tax Credits, should begin construction on the project in the summer of 2004.
- The MBOH, Leader Mortgage Company, and Fannie Mae to make the HomeChoice™ mortgage available statewide. The HomeChoice™ mortgage offers

flexible financing to meet the needs of low-income persons with disabilities looking to buy a home including: down payments as low as \$500; greater flexibility in qualifying and underwriting standards; and acceptance of nontraditional credit.

- The MDPHHS Developmental Disability Program for a homeownership initiative to provide down payment and closing cost assistance, pre-purchase counseling, and pre-funded maintenance accounts to eligible first-time homebuyers with developmental disabilities in a 36-county region in eastern and central Montana. The Coalition received support and assistance from the MHN, Fannie Mae, the MBOH, the MDOC Section 8 program, USDA Rural Development, the HOME Program, and developmental disability service providers in implementing this initiative.
- Community organizations statewide, on a case-by-case basis, to provide pre-purchase homeownership counseling to Montanans with disabilities, linking persons with disabilities to home ownership opportunities.
- Housing providers for education and training on programs currently available to increase homeownership opportunities for people with disabilities.
- The Missoula HRDC, which successfully implemented a HOME-funded program for 10 families with disabilities in Ravalli County.
- The MDOC Section 8 program, Fannie Mae, MHN, and Action for Eastern Montana to train local Section 8 contractors across the state on the Section 8 homeownership voucher program. This training, held in January 2004 has resulted in the implementation of Section 8 homeownership voucher programs across the state and three new homeowners.

I.D.4 TECHNICAL ASSISTANCE

Montana updated the *Economic and Demographic Analysis* during the Plan year. The purpose of this analysis is to provide current information for the Consolidated Plan regarding housing and community development. The goals are to analyze the economy and assess data pertaining to the demographic attributes of the State. The MDOC included a specific study of the economic and demographic analysis of Montana citizens with disabilities. Specific disability-related data was provided for all 56 counties and towns and cities with populations of 5,000 and above.

The MDOC also maintains an *Economic and Demographic Databook* of historic and forecasted information by county including employment data, earned and unearned income, earnings by industry, and population by age cohorts both male and female. The *Databook* was updated in Plan year 2003-2004.

In addition, the following documents are available from Montana Department of Commerce upon request and provide information related to housing, infrastructure, and economic development needs:

1. Montana Five-Year Consolidated Plan
2. Price of Housing in Montana

3. Economic Benefits of MDOC Housing Program Activities
4. Infrastructure Demand in Montana
5. Montana Home Mortgage Disclosure Act Analysis
6. Analysis of Impediments of Fair Housing
7. Housing Condition Study
8. Fair Housing Advertising in Montana (brochure)
9. Montana Housing Resource Directory
10. Inventory of Infrastructure Needs
11. Inventory of Water and Wastewater Needs for Unincorporated & Non-District Areas
12. Consolidated Plan Annual Performance Report
13. Roadmap for a New Economy
14. Corporation for Enterprise Development (CFED) Survey on Montana's RLF Industry

The Rural Community Assistance Corporation (RCAC) and Rural Collaborative assisted several organizations during the year ended March 31, 2004, including CHDOs and potential applicants to the HOME Program. Each request requires an in-depth understanding of an area's demographics and housing situation and developing a working relationship with the requesting agency. The technical assistance providers were an integral component of HOME's Housing Application Workshops held in September 2003. The Rural Collaborative and RCAC facilitated sections of a very well attended market analysis workshop in June 2003. In December 2003, RCAC and the Rural Collaborative facilitated a workshop regarding USDA Rural Development properties with expiring RD contracts throughout the State. The participation in workshops by the technical assistance providers has been invaluable to the HOME program and the continued viability of successful HOME projects. They bring specialized knowledge and broad housing experience to the State.

In cooperation with the MDOC's Census and Economic and Information Center (CEIC), the CDBG program recently initiated a project to map low- and moderate-income areas within Montana counties based upon information developed by HUD from the 2000 Census. This information will be of great value to local governments as they identify areas within their jurisdictions where special financial needs exist among lower income residents for infrastructure improvements, affordable housing, economic development, and provision of all types of related public services.

For each county, the percent LMI figures (based upon percent of low- and moderate-income persons as determined by HUD) will be mapped for all Census Designated Places (CDPs), incorporated cities and towns, and remainder areas. The detailed spreadsheet that will accompany the LMI map contains LMI percentages for each incorporated City or Town, CDP, and Remainder Areas by Census Block Group. This effort has been initiated using Lake County as a model, to be followed by Lewis and Clark County and Butte-Silver Bow County.

The MDOC also continued to administer a technical assistance planning grant program funded by CDBG monies used to assist communities with housing, public facility, and

economic development activities. During the Plan year ended March 31, 2004, the CDBG Housing and Public Facilities Program funded 16 technical assistance matching grants for a total of \$220,250.

The CDBG-ED program set aside \$225,000 for technical assistance grants. A set aside of \$95,000 was used in a grant competition which resulted in nine new technical assistance contracts. The Small Business Development Center received \$105,000 for technical assistance activities in support of outreach, counseling, training, and technical assistance to small businesses.

The CDBG-ED program and CDBG Housing and Public Facilities programs each provided \$25,000 to MEDA to provide technical assistance to Montana communities through Resource Team Assessments in Montana communities. As a part of this process, MEDA assembles a team of community and economic development professionals who cooperatively work with the community members who have an opportunity to share with the Resource Team Members the challenges, strengths and personal goals of their community. This allows the community to develop its own goals and initiatives for community development. Technical assistance through MEDA does not end with the assessment; there are ongoing follow-up visits to help the communities follow through with their identified goals.

The CDBG-ED program staff provides ongoing technical assistance to the 60-plus CDBG-funded RLFs across the State. For program year 2005, the MDOC will likely require local governments contract with a regional development organization that has been qualified as a Certified Regional Development Organization. The CRDC will be a new program in the MDOC, with twelve designated CRDC's across Montana. It is anticipated that CRDC's will manage regional revolving loan funds and be subject to all requirements as suggested by the CDBG program. Policies for this new program are still being developed.

I.D.5 PUBLIC HOUSING RESIDENT INITIATIVES

The Housing Division acts as the State PHA, administering Section 8 tenant-based assistance. The MDOC does not own or directly manage public housing projects; therefore, the State has not undertaken any specific public housing resident initiatives.

I.D.6 PROJECT MONITORING

HOME Program

All HOME projects are monitored at the project location. During the monitoring, a HOME staff member assesses each project by determining compliance with housing codes and applicable regulations. Project monitoring is based on a guide found in the HOME Administration Manual. Key issues include assessment of affirmative marketing actions, outreach to minority and women owned businesses, data on the amount and use of

program income, number of projects, and eligibility and income compliance with tenants and homebuyers.

The HOME program conducted 15 monitoring reviews during the Plan year:

- homeWORD (2000)
- Northwest Montana Human Resources (2000)
- Ronan Public Housing Authority (2000)
- City of Glendive (2000)
- Flathead Lake CHDO (2001)
- Rocky Mountain Development Council (2001)
- Mineral County (2001)
- Human Resource Development Council IX (2001)
- City of Kalispell (2001)
- Action for Eastern Montana (2001)
- Samaritan House (2001)
- Human Resource Council XI (2001)
- Missoula County (2002)
- Ravalli County (2002)
- City of Hamilton (2003)

In addition, 24 projects received on-site visits. Visits were made to the following:

- Westgate Senior Apts (Kalispell) - April 2003 & March 2004
- Crestwood Inn (Sidney) - April 2003 & March 2004
- Roadrunner Apts (Helena)
- God's Love (Helena)
- Continental Gardens (Butte)
- Florence Crittenton Home (Helena)
- Our Home and Spurlock Apts (Butte)
- Ptarmigan Apts (Helena)
- The Courtyard Apts (Kalispell)
- Westside Apts (Kalispell)
- Supportive Living Units (Hamilton)
- Maxwell Apts (Ronan)
- Cleveland Ave Apts (Ronan)
- The Lenox Flats (Missoula)
- Samaritan House (Kalispell)
- Colorado Apts (Belgrade)
- Cottages at Edna Court (Superior)
- Fireweed Court (Missoula)
- Eagles Manor (Miles City)
- West Babcock Apts (Bozeman)
- YWCA Transitional Housing (Missoula)
- Miles Building (Livingston)

CDBG Program

CDBG projects were also monitored on-site during the Plan year. A basic requirement of the Montana CDBG programs—Housing, Public Facilities, and Economic Development—is state program staff will monitor at least some element of each project at least once. CDBG operates under a comprehensive monitoring system, meaning that elements of the local CDBG project are reviewed in sixteen different areas. Within each of these areas, staff completes an extensive checklist, reviewing each project element for compliance with HUD and State program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings" as may be applicable, and asking the local government to respond promptly regarding any questions of performance or findings.

Over the years, the method of project monitoring for CDBG-ED projects has changed in response to the nonprofit organizations that administer CDBG projects and manage funds for multiple counties. More emphasis is placed on loan documentation and

financial evaluation procedures for new loans, all of which require more technical assistance. To this end, the CDBG-ED Program uses a two-part "Economic Development Revolving Loan Fund Administration & Management" checklist to help ensure important areas are covered during the monitoring process. Part I deals with management of the initial CDBG project; the second part covers subsequent lending activities generated from the RLF.

ESG Program

The MDPHHS provides monitoring of the Emergency Shelter Grant Program via regularly scheduled monitoring visits by program staff, using a monitoring tool. This item was reviewed by HUD during their monitoring review conducted April 24 and 25, 2002 and not found deficient.

LIHTC Program

Low Income Housing Tax Credit projects are required to submit annually:

- (1) an owner's statement certifying that the project is in compliance with tax credit regulations, and
- (2) tenant certifications for all tenants that lived in the project during the year.

Each project is inspected every three years to determine if it is decent, safe, and sanitary. A tenant file review is also conducted on 20% of the tenant files. If compliance issues are found, they are communicated to the IRS via form 8823. The IRS will then determine the penalty, if any.

Each multifamily bond or risk-sharing project is required to submit annually:

- (1) An owner's statement certifying that the project is in compliance with bond regulations,
- (2) tenant certifications for all tenants that lived in the project during the year, and
- (3) financial statements and projected budgets.

Projects will have either: (1) an inspection every year or (2) an inspection every three years to determine if it is decent, safe, and sanitary.

I.D.7 LEAD-BASED PAINT HAZARD REDUCTION

Montana, a rural area composed of three CDBG and HOME entitlement communities (Billings, Great Falls, and Missoula) and seven Native American Reservations with sovereign governments, has made progress in securing EPA-certified Inspectors, Risk Assessors, Supervisors, and Workers since the lead-based paint regulations for pre-1978 homes, known as Title X, Section 1012/1013, went into effect on September 15, 2000. However, few of the programs in Montana are fully prepared to meet lead based paint (LBP) compliance regulations.

In 2000, Montana partnered with the Montana State University (MSU) Extension Service to bring Environmental Protection Agency (EPA) certified trainers from North Dakota to Montana to conduct two training seminars: one for LBP Inspector and LBP Risk Assessor training and one for LBP Supervisors and LBP Workers. Many people attended the training; unfortunately, after careful consideration, over three-fourths opted not to continue the certification process. The reasons for their decision vary, but include travel restrictions, excessively high EPA certification costs, a very cumbersome certification process imposed by EPA and HUD, and the cost of liability insurance, to name a few.

The MDOC promoted free HUD training whenever it was offered in the State; unfortunately, scheduled training was often cancelled due to perceived low enrollment. The continued cancellation of courses by HUD created a "credibility issue" and people interested in the training were reluctant to sign up for it because of the uncertainty involved. HUD did not seem to understand the travel restrictions in Montana due to the large geographic area.

Better results were achieved in January 2004 at a free training sponsored by the National Paint and Coatings Association (NPCA). This no-cost training program, which meets the HUD-EPA curriculum, is sponsored by the NPCA and is the result of a cooperative agreement between the NPCA and the individual states. (For more information, go to <http://www.leadstetraining.org/>.) MasiMax Resources, Inc. offered the *Joint EPA—HUD Curriculum: Lead Safety Training Program for Remodeling, Repair and Painting* course on January 29, 2004 in Helena. Approximately 30-35 people, including a number of contractors, from around Montana and North Dakota, attended the course.

In-state LBP training is essential if HUD expects Montana to continue its commitment to meet federally imposed LBP regulations. The Lead Listing website provides information on private lead training providers; however, few of the trainers certified to provide training in Montana actually do so. Currently, the Lead Listing website for lead training providers (<http://www.leadlisting.org/LeadListing/TrainingProviders.nsf/docs/home>) does not have any training courses listed for Montana. MasiMax, in conjunction with the NPCA, offered the one-day Lead-Based Paint Training Program for Renovators and Remodelers in Billings on May 20, 2004. An additional class had been scheduled in Butte on September 16, 2004; however, a recent review of the website did not show the class on the schedule.

Currently, the more populated areas of the State have trained workers in lead-safe work practices, qualifying them to work on rehab projects costing less than \$25,000. This will cover most of the single-family rehabilitation project conducted with federal funds. Rural areas of the State, where rehabilitation is often the largest part of housing strategies, remains under-prepared to address lead-based paint hazards and such work remains a large portion of rehabilitation program budgets.

The State does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The State also has several individual contractors and a few companies certified to perform LBP activities within the State; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

The MDOC has again partnered with the MSU Extension Service to expand LBP training opportunities. MDOC will provide financial support for MSU staff to become accredited to provide EPA training for Inspectors and Risk Assessors. MDOC's hope is that underserved areas of the State will take advantage of this new, local resource to become EPA certified and/or to remain current in existing certifications.

The HOME Program presents information on the LBP regulations and lead-safe work practices at its grant administration and application workshops. The MDOC continues to promote lead based paint training whenever it becomes aware of training being offered in Montana.

The Butte Lead Projects

- **Butte Childhood Lead Poisoning Prevention Program (CLPPP)**

Butte continues to have a higher prevalence of elevated blood-lead levels in children (6%) when compared to other Montana counties. The Butte-Silver Bow Health Department receives SUPERFUND-related monies to operate a local CLPPP. Program activities include community education, blood-lead testing, soil removals, and lead hazard abatement for owner-occupied housing units.

According to 1990 U.S. Census of Housing data, the median year of construction of all housing units constructed in Silver Bow County is 1943. In comparison to the other most populated counties, Missoula County has the next oldest median year at 1959, followed by Cascade (1960), Yellowstone (1970), Flathead (1972), and Gallatin (1972).

- **Butte HUD Lead Hazard Control Program (LHCP)**

In April 1998, the Butte-Silver Bow Health Department received a \$558,000 lead hazard control grant from the U.S. Department of Housing and Urban Development. This three-year grant expanded CLPPP activities to specifically address lead-based paint hazards in low-income rental housing. Past analysis has estimated that as many as 79% of the children involved in case-management for elevated-blood lead levels since the inception of the CLPPP live(d) in rental properties.

The LHCP program works cooperatively with the local SUPERFUND-related CLPPP to prevent duplication of services. The 1998 grant provided for lead hazard control activities in 22 low-income rental units.

The LHCP was awarded a second HUD grant in February 2001 for \$545,000. Activities under this grant began April 1, 2001. The Program continues to address lead hazards in low-income rental properties. One of the primary goals was to develop a pool of local contractors trained and certified to perform lead abatement activities. Five contractors and their employees attended the training and applied for EPA accreditation. One of the firms has since left the area. The Program contracted with the remaining four firms to perform lead-hazard control activities in 28 units. To date, 17 units have been completed and five are in progress.

East Helena Lead Program

The East Helena Lead Education and Abatement Program is a multi-pathway lead poisoning prevention and lead risk abatement program. The program operates within the East Helena SUPERFUND site. Public education regarding lead poisoning prevention, lead risk management, and risk abatement are major program components. Childhood blood lead level screening and public education are program priorities.

The purpose of the program is to prevent or reduce elevated blood lead levels in children. Data collection relevant to long-term planning, protection of remediated yards and long-term management of lead risks are also program purposes. The program is the most recent in a series of childhood blood lead studies and education programs dating back to 1975. The East Helena office stores soil lead level data collected by Hydrometrics, a local environmental firm, and soil, dust, and water data collected during environmental assessments performed by program staff of private homes in the East Helena area.

Childhood blood lead levels have been dropping for the last twenty years in East Helena (Lewis and Clark City-County Health Department in-house studies). The drop can be related to many factors including the removal of lead from gasoline and paint, a substantial reduction of aerial lead emissions from the Asarco smelter and the remediation of community facilities and 518 residential properties. Over 1,000 site codes have been remediated. These codes include residential properties, roadways, vacant lots, alleyways, ditches, and road aprons.

Based on current data available, there appear to be low levels of childhood blood lead level elevation in East Helena. The current program activities target bringing children's mean blood lead levels to nation averages, and to continue to the trend of fewer and fewer children with elevated blood levels in the East Helena area.

In 2000, Lewis and Clark County was awarded \$50,000 from the U.S. EPA for continued lead hazard control on East Helena homes with lead-based paint. With this funding, three additional homes were encapsulated with siding and had replacement windows installed. An additional \$44,000 was granted to Lewis and Clark County in 2001 to continue work on the exterior of East Helena residences.

I.D.8 AFFIRMATIVELY FURTHERING FAIR HOUSING

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes. The Montana Human Rights Bureau, Department of Labor and Industry, enforces fair housing in Montana.

The Department of Commerce has been involved in numerous educational efforts and outreach activities to affirmatively further fair housing during the Plan year. These efforts and activities are summarized below.

- The MDOC hands out the *Analysis of Impediments* at the Housing Application Workshops and supplies copies to individuals and organizations requesting them. The Analysis is also available on the Housing Division web site:
http://commerce.state.mt.us/Housing/Hous_ConsPlanappls.html
- The MDOC provides brochures and posters distributed by the Human Rights Bureau of the Montana Department of Labor and Industry to successful grantees and as requested by individuals and organizations. The MDOC also makes the brochures and posters available at workshops and other events.
- The MDOC spearheaded the Fair Housing Steering Committee and prepared a Fair Housing Advertising Guide for Montana. The brochure provides guidelines for Realtors, landlords, owners, lenders, managers, and newspaper publishers concerning their responsibilities under Montana and federal fair housing regulations. Copies of the brochure are available upon request and are routinely handed out at workshops and other events.
- The MDOC passes out Montana Fair Housing posters and landlord/tenant packets to successful grantees and at workshops and other events.
- The HOME Program sent out an e-mail announcements for the Sixth Annual Fair Housing Faire in Great Falls held in April 11, 2003 and Montana Fair Housing's annual conference held in Bozeman April 17 – 18, 2003.
- Eight MDOC staff, including seven from the Housing Division, attended Montana Fair Housing's annual conference April 17 – 18, 2003.
- The Housing Division participated in the Sixth Annual Fair Housing Faire in Great Falls held April 11, 2003. The Housing Division provided materials, staff, and a booth at the Faire. The City of Great Falls requested that the Division participate in the annual Fair Housing Faire in Great Falls scheduled for April 2004.



- Montana HOME Program staff attended *Promoting and Preserving Equal Opportunities in Housing*, a workshop co-sponsored by Montana Fair Housing on November 13, 2003.
- Montana HOME Program staff attended a satellite broadcast and web cast entitled *Accessibility for People with Disabilities in Public and Assisted Housing* offered by the HUD Office of Public Assistance on December 5, 2003. The purpose of the training was to promote understanding of and compliance with applicable federal laws and implementing programs. The training addressed public and assisted housing regulatory requirements under Section 504, the Americans with Disabilities Act, the Architectural Barriers Act, and the Fair Housing Act.
- Staff from the MDOC attended and participated in the Third Annual Native American Housing Symposium Held in Billings August 12-13, 2003. Sponsored by the United Native American Housing Association (UNAHA) and Fannie Mae, the symposium brought together members from the 12 tribes in Montana and Wyoming, members of UNAHA from adjoining states, and housing specialists. In addition to tribal members, participants included: Bureau of Indian Affairs, Countrywide Home Loans, First Interstate Bank, Green Point Mortgage, Montana Board of Housing, MDOC, Native American Bank, Native American Development Corp., Veteran's Administration, Resource Conservation & Development (RC&D) Areas, USDA Rural Development, HUD, Wyoming Community Development Authority, and the Montana American Indian Homeownership Task Force.

Within the constraints of our budget and staff resources, as well as our obligation to document compliance with numerous other federal laws and regulations, we believe the Department has demonstrated strong and sincere efforts in regard to furthering fair housing through our HUD-funded programs.

PART II - ASSESSMENT OF ANNUAL PERFORMANCE

SECTION A - EFFECTIVENESS OF STATE'S PERFORMANCE

II.A.1 SUCCESSFUL PERFORMANCE ISSUES

The Montana Departments of Commerce and Environmental Quality, the Board of Housing, the Montana Building Industry Association, AIA Montana, and Fannie Mae joined forces to explore possible solutions to make starter homes more affordable. This effort began with a housing design competition that involved all Montana architects and builders/designers. The goal of the competition was to create a plan book offering a variety of innovative solutions for building smaller homes that combine efficiency and affordability. All of the homes exhibit quality in design and construction so Montana families have easy access to high quality house plans at reasonable prices. Although this process took longer than what was originally anticipated, the book was published in early 2004.

The MDOC continued the work of Housing Coordinating Team, which has helped the program staff to better understand each of the programs and how they work together, as well as areas where the programs do not work well together. The HCT, as an advisory group, has helped facilitate statewide coordination in delivery of housing services. The Uniform Application for Housing Programs continues to be improved and revised.

The Montana Census and Economic Information Center (CEIC) is available to assist organizations that wish to utilize CRA. The MDOC is working with more private lending institutions both in terms of CRA and in partnerships on projects using local, State, and federal funds. Private lending institutions are critical to the success of complex projects requiring multiple sources of funding.

The HOME program has certified 31 CHDOs, significantly increasing nonprofit housing development capacity within the State. Twenty-eight percent (28%) of the HOME funds were awarded to CHDOs for the Plan year ended 2004. The HOME projects awarded funds are successfully serving very low-income Montana residents. HOME funds are being leveraged with many other sources of funds, both private and public, in approximately a 9:2 ratio.

The Montana Continuum of Care Coalition has created funding for 148 new permanent housing units with supportive services and 102 transitional housing units with supportive services for homeless individuals and families. The MTCoCC conducts the only statewide effort to identify "needs" through an annual homeless survey, updates an inventory of homeless resources every year and continues to bring homeless providers together from across the state to leverage and coordinate statewide efforts to maximize resources and eradicate homelessness.

In the area of infrastructure financing, the Community Development Division continued its participation in the W₂ASACT, facilitating coordination among all Montana federal,

State, and nonprofit organizations involved in funding, regulating, and assisting community infrastructure. The Division continued to utilize a Uniform Application for Public Facility Projects mutually developed and shared by W₂ASACT agencies.

The MDOC continued to be an active participant in the Montana Economic Developers Association. During the Plan year, MEDA implemented Resource Team Assessments for Montana's communities. Montana Resource Teams are made up of professionals in the areas of economic and community development, health, housing, workforce development, education, land use planning, grant writing, financing, telecommunications, emergency management services, and strategic planning. The teams can also include state, county, and federal government participants. At the request of the community, a Resource Team will go to the community and conduct two days of questioning and information gathering. The Team compiles its results and categorizes responses, holds a community town meeting to share the information that was gathered, and then provides the community with a written report within four to six weeks. The final, written report includes recommendations from each team member based on the needs of the community. The report includes suggestions for accomplishing the goals of the community, possible sources of income and contacts, and implementation plans for community use.

The community is responsible for providing a community leader, logistical services (tour of the community, meals and lodging for the team, and a meeting room), and soliciting community participants. Community participants include political and religious leaders, members of the agricultural community, bankers, educators, major employers, Realtors, health care and social service providers, senior citizens, civic groups, students, and anyone with an interest in their community. The participants are asked about the major problems and challenges they see in the community, the major strengths and assets of the community; and projects they would like to see implemented in the next 2, 5, 10, or 20 years in the community.

Results of the assessments conducted around the state can be found on MEDA's website at:

<http://www.medamembers.org/resourceteams.php>

Through this relatively inexpensive process, benefits realized by the participating communities include:

- a workable process for rural communities;
- improved public and member relations;
- conflict resolution;
- an approach that helped build community consensus;
- realistic, doable projects, presented from simple to complex; and
- an action plan that will not sit on a shelf and can be used to support applications for funding.

II.A.2 ISSUES STIMULATING POLICY REFINEMENT

In the 1999 and 2001 Montana Legislative sessions, and the 2000 Special Session, the Legislature passed several laws that will have positive impacts on communities regarding economic development, housing, and public facilities.

Housing

House Bill (HB) 57 transferred into the Affordable Housing Revolving Loan Account \$500,000 from the Section 8 administrative fee account.

HB 273 transfers authority to use \$3,500,000 of Temporary Assistance to Needy Families (TANF) funds for affordable housing through the Affordable Housing Revolving Loan Account. In August 2002, the \$3.5 million was reduced to \$700,000 during a special legislative session.

Senate Bill (SB) 350 allows an income tax credit for individuals and corporations for direct contributions to the Housing Revolving Loan Account.

Community Planning and Growth Management

Montana's local government planning law encourages communities to develop growth policies (also known as comprehensive plans or master plans) to guide development in their jurisdictions and coordinate policies relating to land use, housing, economic development, and public facilities. Growth policies can be implemented through the adoption of zoning ordinances or capital improvements programs and construction. Montana's CDBG Program for Housing and Public Facilities supports the preparation of local growth policies through Planning Grants that are awarded annually on a competitive basis. MDOC set aside \$200,000 in the Plan year ended March 31, 2004 for CDBG Planning Grants. Grants were awarded up to \$20,000, which were matched by local funds unless the applicant was able to demonstrate financial hardship.

Twenty-six (26) eligible applications were submitted in the spring of 2003 for the FFY 2003 planning grants that totaled \$357,678. Sixteen (16) local governments received CDBG grants to conduct planning activities and related studies. The applications recommended for funding were (in ranked order):

2003 CDBG PLANNING GRANT COMPETITION

NAME OF APPLICANT: Town of St. Ignatius

CDBG Award: \$ 11,500

USE OF CDBG FUNDS: Conduct an Income Survey, update the Needs Assessment, and complete construction grant applications for a new wastewater system

NAME OF APPLICANT: Powell County

CDBG Award: \$ 20,000

USE OF CDBG FUNDS: Complete a Growth Policy and update a Road & Bridge Capital Improvements Plan

NAME OF APPLICANT: City of Polson

CDBG Award: \$ 20,000

USE OF CDBG FUNDS: Prepare a Growth Policy

NAME OF APPLICANT: Missoula County

CDBG Award: \$ 7,750

USE OF CDBG FUNDS: Complete an Income Survey and a Needs Assessment for Seeley Lake, and prepare construction grant applications for a community wastewater system

NAME OF APPLICANT: Town of Ennis

CDBG Award: \$ 15,000

USE OF CDBG FUNDS: Complete a Growth Policy

NAME OF APPLICANT: City of Roundup

CDBG Award: \$ 10,000

USE OF CDBG FUNDS: Prepare a complete assessment of the housing conditions and housing needs for the city

NAME OF APPLICANT: Butte-Silver Bow County

CDBG Award: \$ 20,000

USE OF CDBG FUNDS: Conduct a Comprehensive Community Needs Assessment and a Housing Condition Assessment

NAME OF APPLICANT: Lewis & Clark County

CDBG Award: \$ 9,500

USE OF CDBG FUNDS: Conduct an Income Survey, update a Needs Assessment, and prepare and submit grant applications related to the Sewell Subdivision area wastewater problems

NAME OF APPLICANT: Town of Stanford

CDBG Award: \$ 10,000

USE OF CDBG FUNDS: Prepare a Housing Condition Inventory and a Community Housing Plan

NAME OF APPLICANT: Toole County

CDBG Award: \$ 14,000

USE OF CDBG FUNDS: Prepare a Growth Policy and a Capital Improvements Plan

NAME OF APPLICANT: Hill County

CDBG Award: \$ 20,000

USE OF CDBG FUNDS: Prepare Preliminary Architectural Reports for construction of a new Head Start facility, a Community Needs Assessment and Implementation Strategies

NAME OF APPLICANT: Flathead County

CDBG Award: \$ 7,500

USE OF CDBG FUNDS: Prepare a Preliminary Architectural Report for construction of a new Senior Citizens Center/Area Agency on Aging building

NAME OF APPLICANT: City of Forsyth

CDBG Award: \$ 13,000

USE OF CDBG FUNDS: Prepare a Growth Policy and a CIP

NAME OF APPLICANT: Town of Circle

CDBG Award: \$ 12,000

USE OF CDBG FUNDS: Complete an updated Needs Assessment and a CIP

NAME OF APPLICANT: Garfield County

CDBG Award: \$ 20,000

USE OF CDBG FUNDS: Prepare a Land Use Plan and Zoning for the Jordan Airport, surrounding land and airspace

NAME OF APPLICANT: Roosevelt County

CDBG Award: \$ 10,000

USE OF CDBG FUNDS: Prepare a Capital Improvements Plan

Economic Development

According to local officials, the costs of preparing planning studies often presents a serious obstacle for communities with limited resources. The CDBG-ED program is able to play a unique role in assisting Montana communities because of its ability to offer planning grants to local governments. The grants could be used for a variety of planning activities, including the initial planning necessary to develop a CDBG-ED project, or to prepare or update a growth policy, an economic development strategy, capital

improvement plan, or similar planning efforts needed to help a community address critical needs.

For program year 2004, MDOC set aside \$95,000 of CDBG funds from the Economic Development category for planning grants. Applications were accepted on a first-come, first-serve basis until all CDBG-ED planning grant funds were committed.

Local governments could propose that CDBG-ED technical assistance funds be used for the preparation of plans, studies, analyses, or research related to economic development such as:

- Community growth policies (previously referred to as “master or comprehensive plans”), particularly the economic conditions component. CDBG-ED Planning Grants can also be used to update an existing comprehensive plan to meet criterion for local government “growth policies” as described in Senate Bill 97 passed by the 1999 Legislature (76-1-601, MCA);
- Preparation of community needs assessments, action plans, or implementation strategies;
- Conducting income surveys necessary to complete a CDBG-ED application;
- A Comprehensive Economic Development Strategy (CEDS) required for the U.S. Economic Development Administration;
- Preparation of downtown revitalization studies, redevelopment plans, urban renewal plans, and historic preservation studies. CDBG-ED planning grants can be used as match for architectural design assistance from the School of Architecture at Montana State University;
- Preparation of feasibility studies, preliminary environmental assessments for the purpose of grant applications, or Preliminary Architectural Reports (PAR's) for reuse of underutilized, empty or abandoned buildings, industrial or manufacturing facilities;
- Preparation of funding applications for economic development projects (should not be the only planning activity proposed in the application).

CDBG-ED planning grants were available in amounts up to \$15,000. Local governments had to provide a match on a 50-50 basis that would have been firmly committed by the time CDBG-ED funds were released. Firm loan commitments, such as funds borrowed from another state or federal program or from a local bank, were acceptable forms of match. Grants or other cash contributions from other local, state, or federal agencies or programs or private foundations were also acceptable forms of match.

The CDBG-ED program funded nine new technical assistance activities. Funds for Lincoln County were from a previous program year. The contract with MEDA included in this list was not part of the CDBG-ED program's planning grant competition.

CDBG-ED PLANNING GRANT AWARDS

LOCALITY: LINCOLN COUNTY

Project Number: MT-CDBG-EDPG03-01

Project Location: Libby

Financing Date: 01/09/03

CDBG Funds:

Market Feasibility and New Business Evaluation Study \$ 70,000

Other Funds:

Lincoln County \$ 80,000

Total Project: \$ 150,000

Use of CDBG Funds: Lincoln County will complete a multi-phased Market Feasibility and New Business Evaluation/Development Study related to the impact of the Stimson Mill closure and loss of 300 jobs. To examine the possibility of reopening the Stimson Plywood Plant, the County proposed to conduct a preliminary technical market feasibility study for the Stimson Plywood Plant; develop a new business evaluation and development study including developing and implementing strategies for securing funding; and developing a business and marketing plan.

LOCALITY: CITY OF RED LODGE

Project Number: MT-CDBG-EDPG03-02

Project Location: Red Lodge

Financing Date: 06/06/03

CDBG Funds:

Development of a CEDS and Phase 1 development of industrial park \$ 15,000

Other Funds:

USDA RD \$ 7,000

USFS RCA \$ 5,000

In-kind \$ 5,000

Total Project \$ 32,000

Use of CDBG Funds: The City of Red Lodge was awarded \$15,000 to prepare a Comprehensive Economic Development Strategy (CEDS) document and complete the first phase of planning for an industrial park. The City will use \$8,000 in planning grant funds to prepare a CEDS that will identify goals, objectives, and strategies for the Red Lodge area. The remaining \$7,000 in grant funds will be used to complete a first phase of a planned unit development (PUD) for the Red Lodge industrial park, create a tax increment finance district, and complete engineering design work related to the layout of the industrial park and extension of infrastructure service.

ENTITY: MEDA

Project Number: MT-CDBG-EDPG03-03

Project Location: Statewide

Funding Date: 06/09/03

CDBG-ED Funds: \$ 25,000
Other Funds:
CDBG – Public Facilities/Housing \$ 25,000
Total Project \$ 50,000

Use of CDBG Funds: The Montana Economic Developers Association (MEDA) was contracted to conduct community assessments around Montana. MEDA will use the grant funds to conduct a minimum of 12 Resource Team Assessments around the state within the next year (July 1, 2003 – June 30, 2004). Resource teams visit rural communities for one to two day objective assessments. Community information is gathered from community tours, scheduled listening sessions with groups of citizens, and through evaluation of the community profiles.

LOCALITY: CITY OF LEWISTOWN

Project Number: MT-CDBG-EDPG03-04

Project Location: Lewistown

Financing Date: 07/10/03

CDBG Funds:
Prepare a Feasibility Study \$ 15,000
and Actuarial to evaluate a business
expansion for Hobson Insurance

Other Funds:
Dale Longfellow, Hobson Insurance \$ 18,000
Total Project \$ 33,000

Use of CDBG Funds: The City of Lewistown was awarded \$15,000 to assist Hobson Insurance for the preparation of a feasibility study and actuarial to evaluate a business expansion for Hobson Insurance. It is projected that the insurance business expansion would be located in the City of Lewistown and would employ up to 40 additional employees.

LOCALITY: TOWN OF SACO

Project Number: MT-CDBG-EDPG03-05

Project Location: Saco

Financing Date: 08/18/03

CDBG Funds:
Conduct a Feasibility Study for \$ 10,000
construction of an industrial park
in Saco

Other Funds:
Town of Saco \$ 7,500
Gas Enterprise Fund \$ 2,500
Total Project \$ 20,000

Use of CDBG Funds: The Town of Saco was awarded \$10,000 to conduct a feasibility study for the construction of an industrial park in Saco. CDBG-ED funding of \$2,500 is to be used for surveying services to plot lots and blocks. The remaining \$7,500 is to be used to assess the Town's infrastructure capacity. Two businesses would like to locate in the proposed industrial park. It is the hope that with these businesses located together, other businesses will be attracted to the Saco location.

LOCALITY: CITY OF HAVRE
Project Number: MT-CDBG-EDPG03-06
Project Location: Havre
Financing Date: 08/11/03

CDBG Funds:
Conduct a feasibility study for a multi-purpose center in Havre \$ 15,000
Other Funds:
City of Havre RLF fund \$ 20,250
Total Project \$ 35,250

Use of CDBG Funds: The City of Havre was awarded \$15,000 to conduct a feasibility study for a multi-purpose center for Havre. The regional multi-purpose center would serve northern Montana and accommodate a variety of activities such as concerts, sporting events, agricultural shows, drama productions, and conventions. Activities will have oversight through Bear Paw Development Corporation.

LOCALITY: TOWN OF CHESTER
Project Number: MT-CDBG-EDPG03-07
Project Location: Chester
Financing Date: 08/28/03

CDBG Funds:
Complete a Feasibility Study for cooperatively owned baby carrot processing plant; travel expenses \$ 7,000
Other Funds:
Montana Growth through Ag. \$ 32,500
Town of Chester \$ 26,139
Total Project \$ 65,639

Use of CDBG Funds: The Town of Chester was awarded \$7,000 to conduct a feasibility study to form a producer owned cooperative that would produce, process, market, and distribute a premium brand of baby carrots to supermarkets in the USA and Canada. The grant will also help pay for travel expenses for a team to meet with an equipment broker and tour three baby carrot processing plants. The Montana Growth Through Agriculture Program and the Town of Chester have provided matching funds of \$58,639. In-kind is also provided by the Montana Growth Through Agriculture Program, Bear Paw Development Corp., North Central Montana Vegetable Growers, Montana Cooperative Development Center, Liberty County, and the Town of Chester. Bear Paw Development would take the lead on this project. A local steering committee has been formed with representatives from Liberty County, Town of Chester, Riverview Hutterite Colony, Montana Cooperative Center, and Bear Paw Development. This project would provide the necessary planning for the potential construction of a vegetable processing facility in Chester and would help growers analyze risks associated with this venture as well as develop strategies the group will consider to manage those risks.

LOCALITY: LEWIS AND CLARK COUNTY
Project Number: MT-CDBG-EDPG03-08
Project Location: 3-county region (Broadwater, Lewis and Clark, and Meagher Counties)
Financing Date: 08/28/03

CDBG Funds:

Complete a CEDS and application for Federal Economic Development Designation (EDD) for a Tri-County Region	\$ 10,000
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Other Funds:

US EDA	\$ 30,000
Lewis and Clark County (in-kind)	<u>\$ 2,750</u>

Total Project	<u>\$ 42,750</u>
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Use of CDBG Funds: Lewis and Clark County was awarded \$10,000 to complete a CEDS and application for federal Economic Development Designation (EDD) for a tri-county region (Lewis and Clark, Broadwater, and Meagher Counties). Lewis and Clark County will enlist the assistance of Gateway Economic Development Corp. to help with some activities. A professional consultant will be procured for the compilation of the CEDS.

LOCALITY: TOWN OF EUREKA

Project Number: MT-CDBG-EDPG03-09

Project Location: Eureka

Financing Date: 08/28/03

CDBG Funds:

Hire consultant to analyze and study Eureka's downtown economic climate	\$ 13,000
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Other Funds:

Town of Eureka (in-kind)	\$ 2,225
Town of Eureka (Cash)	<u>\$ 15,924</u>

Total Project	<u>\$ 31,149</u>
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Use of CDBG Funds: The Town of Eureka was awarded \$13,000 to hire a consultant to study and analyze Eureka's downtown economic climate. The study would include the identification of economic problems and development of a plan for economic opportunities. A set of implementation strategies will be completed to guide the Town towards strengthening its economic base. Eureka desires realistic implementation strategies to assist in the downtown revitalization and redevelopment of the downtown core area, including improving parking and traffic patterns.

LOCALITY: TOWN OF WIBAUX

Project Number: MT-CDBG-EDPG03-10

Project Location: 6-county region (Richland, Dawson, Prairie, Wibaux, Fallon, & Carter Counties)

Financing Date: 08/28/03

CDBG Funds:

Complete a 6-county CEDS	\$ 10,000
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Other Funds:

EDA	\$ 10,000
Eastern Plains RC&D	<u>\$ 10,000</u>

Total Project	<u>\$ 30,000</u>
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Use of CDBG Funds: The Town of Wibaux was awarded \$10,000 to complete a CEDS document for six counties in eastern Montana – Richland, Dawson, Prairie, Wibaux, Fallon, and Carter. This six-county region will then have the opportunity to develop an Economic Development District (EDD) with funding from EDA. Several constraints and opportunities have been identified which have led to six major

objectives including business development, natural resource development, infrastructure, housing, communications, and local leadership. Eastern Plains RC&D will take the lead on this project and incorporate all existing regional and county plans, including those counties without plans. Eastern Plains coordinates its efforts with Great Northern Development Corporation, South Eastern Montana Development Corporation, Action for Eastern Montana, and the Montana Department of Commerce.

INFRASTRUCTURE

In House Bill 11, the 2003 Legislature awarded approximately \$15.8 million in Treasure State Endowment Program grants to 40 local governments for infrastructure construction projects. House Bill 11 also provided \$100,000 to be available for emergency projects that might arise between legislative sessions. The Legislature also appropriated up to \$3.8 million from the Treasure State Endowment Regional Water System Fund that can be used as the State's share of matching funds for two large regional water systems, both of which have been authorized by the U.S. Congress for construction.

Another action taken by the 2003 Legislature, in House Bill 176, moved the administration of the Treasure State Endowment Regional Water System Fund from the MDOC to the Montana Department of Natural Resources and Conservation, and changed the law so that administrative-related expenses could also be paid for through the fund.

SECTION B - PROPOSED ACTIONS RESULTING FROM ASSESSMENT OF ANNUAL PERFORMANCE

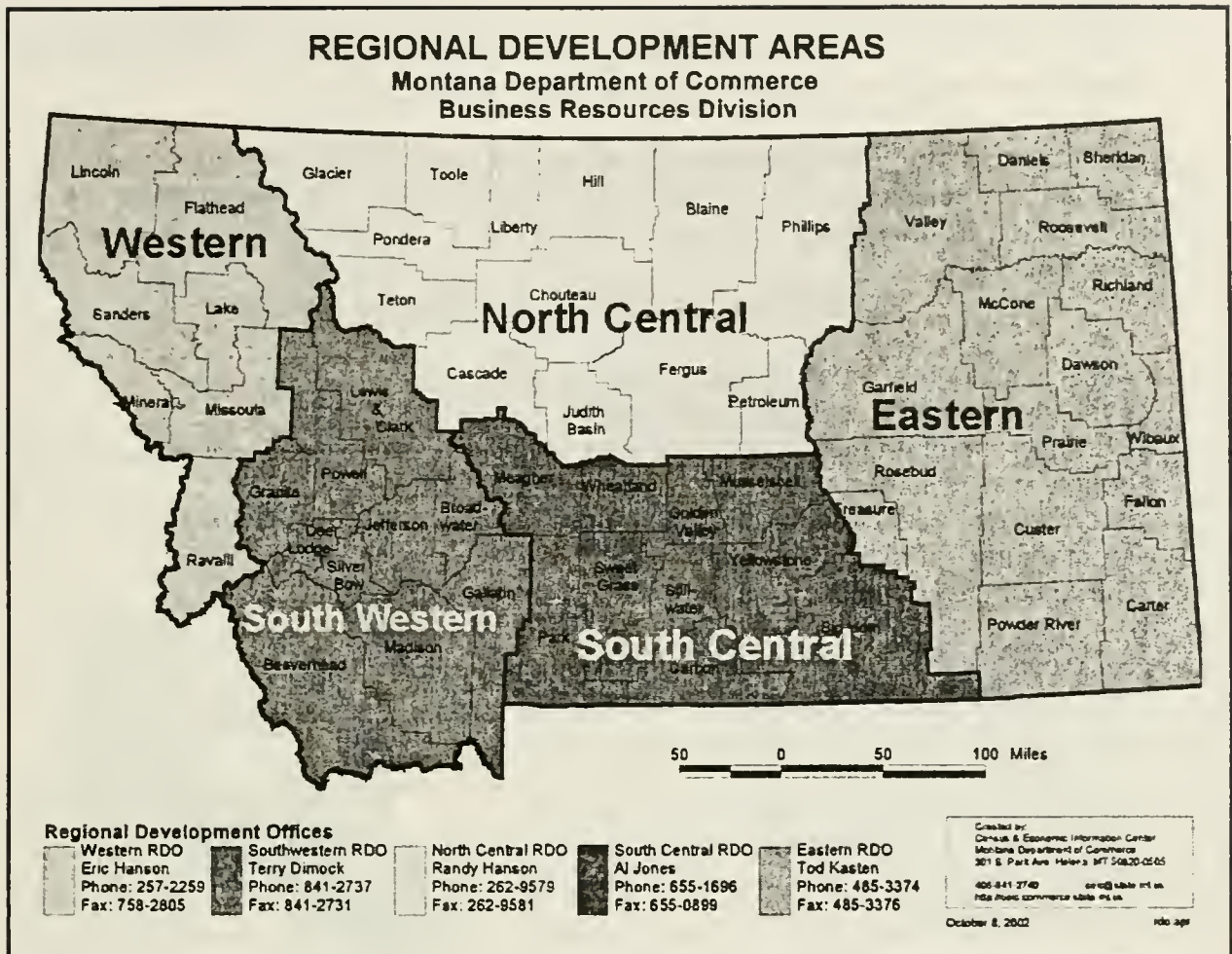
II.B.1 ENHANCEMENT OF PUBLIC POLICIES

One of the best ways to facilitate the development of housing is through education and technical assistance. Many people perceive the array of housing programs and regulations as too complex or too foreign to master. The MDOC is determined to expand its role in providing technical assistance to local jurisdictions to explore and accurately determine the degree and type of local needs and educate people on the programs available. This will help more groups qualify for housing programs and help them better understand the requirements of those programs.

The role of the State will expand in regard to the provision and interpretation of information that assists localities in determining and quantifying their housing needs, problems, and alternative solutions to those problems. The MDOC intends to expand educational outreach activities so that additional information and education is provided concerning fair housing, as well as landlord and tenant rights and obligations.

The CDBG-ED Program continues to work to be responsive and effective within a changing environment. This changing environment includes: 1) any changes as a result of the strategic plan developed by the Governor's Office of Economic Opportunity, which oversees and coordinates the functions of economic development at the State and local level; 2) the reorganization of the MDOC on July 1, 2001; 3) the availability of the financial assistance center that was launched in February 2002 within the MDOC; 4) a new business recruitment function, funded by the Special Legislative Session in May 2000, which is located in the Governor's Office; and 5) the Certified Regional Development Corporation Program, established by the 58th Legislative Session in 2003 that will be implemented in Program Year 2004. The CRDC program will likely require local governments to contract with a regional development organization that has been qualified as a Certified Regional Development Organization. The CRDC will be a new program in the MDOC, designating twelve CRDC's across Montana. CRDC's will manage regional revolving loan. Policies for this new program are currently being developed.

The Business Resources Division will continue to provide support and technical assistance to local jurisdictions and revolving loan fund managers with loan documentation, financial analysis, and project administration. The Business Resources Division's economic development programs, especially the Small Business Development subcenters, the MicroBusiness Development Corporation network, the Regional Development Program, and the CDBG-ED program, continue to cooperate in coordinating and sharing resources that are beneficial to assisting local governments and businesses across the State.



Members of Montana's Continuum of Care Coalition have a commitment to working with various segments of the homeless population. One of those segments that has proven to be the most intractable is the chronically homeless; those who have been continuously homeless for a year or more or have had four episodes of homelessness in the past three years. Although the problem of chronic homelessness may not be as acute in Montana as in more urban areas, it remains a stubborn obstacle to eradicating homelessness.

The federal government agrees. The departments of Veterans Affairs, Health and Human Services, and HUD have instituted a number of academies designed to bring decision-makers from local, state and federal agencies and organizations together to work on a concerted effort to address chronic homelessness.

Montana applied for participation in one of these academies, "Policy Academy for State and Local Policymakers on Improving Access to Mainstream Services for People Experiencing Chronic Homeless," and was accepted. A team consisting of representatives from the Governor's office, the legislature, state agencies, local advocates, and the Montana Continuum of Care Coalition attended a comprehensive learning and planning session this spring to develop this plan. One of the major

components of this effort was to ensure that the chronically homeless have access to mainstream social services and that local homeless providers can coordinate these services as they apply to HUD for homeless assistance funding.

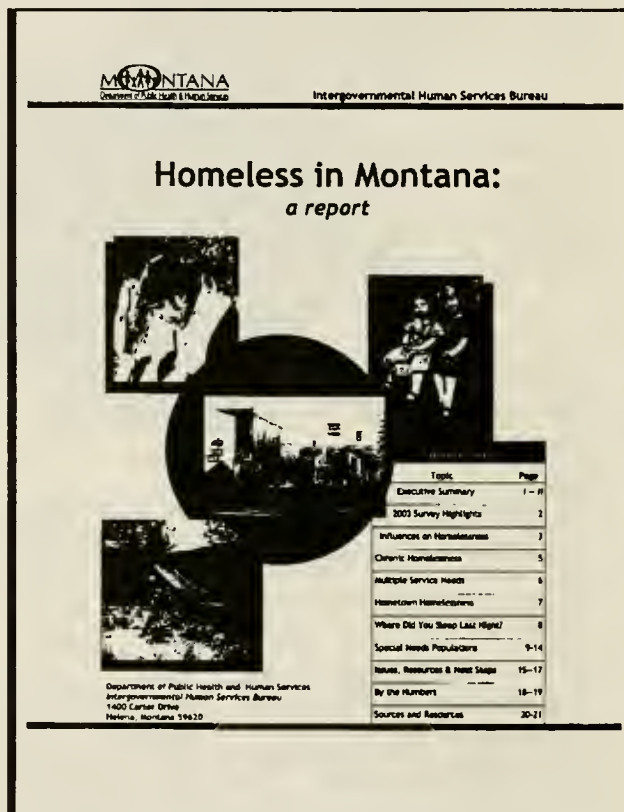
As result of the Policy Academy, Governor Judy Martz announced an initiative to combat homelessness in Montana. On May 7, 2004, she established the Montana Council on Homelessness and released the report, *Homeless in Montana*, which can be accessed at:

http://www.dphhs.state.mt.us/homeless_in_montana.pdf

According to the report, trends over the past few years have shown a consistent increase in the number of homeless people in Montana. In April 2003, interviewers identified 2,823 homeless Montanans during the point-in-time Survey of the Homeless.

Reasons for homelessness include mental illness, substance abuse, domestic abuse, and co-occurring disorders. A third of Montana's homeless have less than a high school education. Extreme poverty, a general lack of low-income housing, and the cost of rent are also common reasons for homelessness.

The needs of the homeless cross many service system boundaries, beginning with the most basic human needs. The newly established Council will examine solutions to the root causes of homelessness through fundamental changes in state policy, including treatment availability for substance abuse and mental illness, preventing child abuse, and assisting victims of domestic abuse. The Council will also complete an inventory of state program discharge policies and practices and use that information to help initiate best practice models. In addition, the Council will convene the Native American Council on Homelessness Subcommittee charged with focusing exclusively on the specific needs of American Indian populations, both on and off reservations.



II.B.2 REFINEMENT OF INSTITUTIONAL STRUCTURES

The MDOC prepared the Annual Action Plan for the Plan year ended March 31, 2005. The MDOC continued its ongoing effort to make the planning process and resulting documents more user-friendly, readable, and concise. The final document and many



supporting documents are available on the Internet for interested parties to read and download:

http://housing.state.mt.us/Hous_ConsPlan.html

The MDOC, through the Housing Coordinating Team, continues to identify areas where further communication and cooperation is needed, and identify gaps in the institutional provision of services. HOME, CDBG, and MBOH workshops include a “how to” technical assistance component and participation in statewide housing meetings and local housing meetings will continue.



The MDOC and MDPHHS support of and participation in the Montana Home Choice Coalition resulted in better linking of housing policy and disability services policy in creating community living opportunities for people with disabilities. These efforts will expand as the State, through the MDPHHS, continues to implement initiatives to fulfill its U.S. Supreme Court Olmstead decision-mandated obligation to create community living opportunities for people with severe disabilities currently residing in institutions and the housing needs of persons in institutions are better understood by state housing officials. In addition, general housing opportunities incorporating the housing and supportive service needs and choices of people with disabilities will be better realized. Montana citizens with disabilities experience a significant homeownership gap in comparison to the general public. The Home Choice Coalition Home Ownership initiative is expected to contribute to enhanced home ownership opportunities for people with disabilities across the state. The Home Choice Coalition advocates for and educates on the concept of Universal Design and the related concept of Visitability as a standard for publicly subsidized housing in Montana. Through education and technical assistance the Coalition expects to expand the supply of affordable housing that can be used by the maximum number of Montana citizens across the age and ability spectrum.

The Montana Council on Homelessness will focus high-level policy on homelessness in Montana. The Council will need to work in collaboration with MDOC housing officials to coordinate better access to mainstream housing and service resources to impact homelessness in Montana. The Council is expected to facilitate the creation of new solutions across agencies and programs.

CDBG-ED Program and the Business Resources Division will continue to expand their role in providing technical assistance in the field and through this effort, more accurately determine the degree and type of local need in community and economic development. (See map of Regional Development areas on page 77.) The MDOC recognizes that more outreach in education and building the capacity of communities to apply for and administer CDBG-funded projects and revolving loan funds is an ongoing need.



The Certified Regional Development Program that is expected to be implemented in Program Year 2004 will require local governments to contract with a regional development organization that has qualified as a Certified Regional Development Organization. The CRDC will be a new program in the Department, designating twelve CRDC's across Montana. CRDC's will manage regional revolving loan funds. It is the

intent of this program to have CRDCs provide experienced guidance to local governments in their community development efforts and to provide the capacity to maintain regional revolving loan funds. Policies for this new program are currently being developed.

II.B.3 PERFORMANCE MEASUREMENT

In September 2003, HUD issued CPD Notice 03-09 regarding performance measurement. In the Notice, HUD strongly encourages each CPD formula grantee, which includes Montana's HOME, CDBG, and ESG programs, to develop and use a performance measurement system. To a certain extent, Montana has been measuring benefits of its housing programs on a biennial basis, which can be found in the publication *Economic Benefits of MDOC Housing Programs*, updated in December 2002. Additionally, the state is currently exploring additional options for a performance measurement tool that is meaningful to the individual programs and the programs' beneficiaries.

APPENDIX A
PUBLIC REVIEW PROCESS

MONTANA'S
HOUSING AND COMMUNITY DEVELOPMENT
CITIZEN PARTICIPATION PLAN
(April 1, 2003 - March 31, 2004)



APPENDIX A - PUBLIC REVIEW PROCESS

(This is a copy of the Citizen Participation Plan used for the Plan Year ended March 31, 2004)

MONTANA'S HOUSING AND COMMUNITY DEVELOPMENT CITIZEN PARTICIPATION PLAN (April 1, 2003 - March 31, 2004)

INTRODUCTION

The U.S. Department of Housing and Urban Development consolidated several formula grant programs in 1994. The programs include the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) Programs. The first three programs are currently utilized in Montana and are covered by the Consolidated Plan. The State is also the recipient of a three-year HOPWA Grant, covering Montana and North and South Dakota, which was applied for outside of the Consolidated Plan.



The Consolidated Plan brings together the planning, application, reporting, and citizen participation components for the three formula programs. The purpose of this narrative is to present the Citizen Participation Plan prepared by the Montana Department of Commerce (MDOC), Housing Division, which is a fundamental piece of the consolidated planning process.

The objectives of the Plan are to ensure that the citizens of Montana, particularly persons of low and moderate income, low income households living in slum and blight areas, units of local government, public housing agencies, and other interested parties are provided the opportunity to and are encouraged to participate in the planning and preparation of the Consolidated Plan, Annual Action Plan, including amendments to the Plan, and the Annual Performance Report. In doing so, this narrative lays out the general guidelines around which the Consolidated Plan will be developed, sets dates and milestones along which the process will proceed, and outlines methods for citizens to guide and assist the State in formulating the Plan.

THE CONSOLIDATED PLAN

The Consolidated Plan combines the planning, application, public involvement, and reporting requirements of the formula grant programs, into one complete process. It promotes unifying opportunities for units of local government, the State, and others, thus laying the foundation for development of cohesive, attractive, safe, and economically vibrant communities. The consolidated planning process encourages all citizens, especially low-income residents, to take part in shaping their own future.



The Consolidated Plan will provide the following information to citizens, public agencies, and other interested parties: the amount of assistance the jurisdiction expects to

receive; range of activities that may be undertaken; and the general program activities that will be planned in addressing the priority needs outlined in the Plan. The Plan also presents details on analysis and evaluation of priority needs statewide, as well as policies related to the provision of affordable housing and community development. The Plan offers certifications that statutory guidelines have been followed.

THE PLANNING PROCESS

The Consolidated Plan is developed through public input solicited at meetings throughout the State. Some meetings occur before development of the draft report, thereby collecting distinct issue input and aiding policy formation. Others will be held after releasing the draft report, allowing interested parties an opportunity to review how the strategy has been designed and presented. These meetings will be scheduled at times and locations that will encourage broad citizen participation. The meetings may be held in the evening to encourage the most group and individual participation possible. The scheduling caters to citizens and organizations whose primary job may not be directly related to creating such a Plan. Evening public participation meetings are intended to solicit the input of low- and moderate-income residents who may be unable to attend daytime meetings due to work conflicts. If a METNet meeting is used it will be held during normal business hours. The METNet meeting is also open to the public and offers additional opportunities for participation in the development of the Consolidated Plan to units of local government and other organizational representatives. Meetings may also be held in conjunction with other scheduled meetings, workshops, or conferences being held by the Housing Division.

All citizens are encouraged to participate, including minorities and non-English speaking persons, as well as persons with disabilities. Upon request, the State will make all necessary accommodations to further the participation of these individuals. All public meetings are held in facilities that are accessible to persons with disabilities. HUD's formula programs, alone and with other HUD-funded programs, have three basic goals pertinent to the Consolidated Plan: to provide decent housing; to provide a suitable living environment; and to expand economic opportunities. Providing decent housing may involve increasing the availability of permanent affordable housing for low-income households (without discrimination), assisting homeless people to obtain appropriate housing, maintaining the affordable housing stock, and increasing supportive housing to assist persons with special needs. Providing a suitable living environment means improving the safety and livability of neighborhoods; deconcentrating housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources. To expand economic opportunities, the comprehensive approach emphasizes the creation of accessible jobs, access to credit for community development and assistance to low-income persons to achieve self-sufficiency in federally assisted and public housing.

Within our society, the complexity of development problems has risen significantly. Assessing and solving the difficulties has outgrown what is offered by narrow, functional



programs. Montana's priority need problems demand links between human, economic, physical, environmental, and design concerns to build communities of opportunity. In order to gain this comprehension of development complexities, the consolidated planning process must collect the knowledge that exists in the community, from citizens, local governments, private business, community-based organizations, and universities.

PUBLIC INPUT TO THE PLAN

Several opportunities for citizen input will be encouraged and provided during the development of the draft Consolidated Plan. A letter will be sent to local governments, public agencies, member organizations and citizens throughout Montana encouraging participation in the Consolidated Planning process. A minimum of one public input meeting will be held for the express purpose of receiving comments on housing and community development needs before the release of the Consolidated Plan. Notification of the meeting(s) will be published in statewide newspapers with display ads published in location towns. Staff from the Community Development Division and the Housing Division will provide an opportunity for citizen input at yearly conventions for the Montana Association of Counties, and the League of Cities and Towns. Staff will also attend other conferences and meetings that are held throughout the State that provide a forum for additional public input on the Consolidated Plan.



The need for updated or additional information will be assessed to determine if further analysis is needed. If warranted, the new or updated information will be incorporated into current resource documents for use by applicants to the CDBG, HOME, and ESG programs.

The Annual Performance Report, for the program year covering April 1 through March 31, will be released to the public for review and comment. This report evaluates program activities performed during the program year. The public will be given an opportunity to examine the contents of the report for a period of no fewer than 15 days

PUBLIC COMMENT ON THE DRAFT PLAN

After the draft Annual Action Plan for the year ending March 31, 2004 is released in the fall, the Plan will be available for public review and comment for not less than 30 days. An Executive Summary will be sent to all individuals, organizations and agencies on the Consolidated Plan mailing list with information telling where the full draft document is available. The Internet will be used as a ready access to the Consolidated Plan documents. The public will be notified through public notices printed in newspapers of general circulation. The newspaper notices will summarize the contents and purpose of the Plan and contain a representative list of places where the full document is available, such as libraries, and government offices, and website. The phone number and address of the Housing Division, Montana Department of Commerce, will be included in the public notice to assist those persons otherwise unable to locate complete copies of the draft Annual Action Plan.

A minimum of three public review meetings on the draft Annual Action Plan will be held. Technical assistance will be available to groups representing persons of very low- and low- income who request such assistance in developing proposals for funding assistance under programs covered by the Consolidated Plan. The level and type of assistance that is appropriate will be determined by MDOC based on ability to provide or arrange for such assistance, the cost of providing assistance, and other relevant factors.

RELEASE OF THE CONSOLIDATED PLAN

Citizens, public agencies, and other interested parties will be notified of the availability of the Annual Action Plan as adopted, amendments to the Plan, and the Annual Performance Report. Citizens will be given opportunity to examine the contents of these reports for a period of no fewer than 30 days for the Annual Action Plan, and 15 days for the Annual Performance Report.

When practicable, written complaints regarding the Consolidated Plan, Plan amendments, and Annual Performance Report will be responded to within 15 working days. A suitable response to those received by December 31 will be made by January 16. For those who wish to lodge a complaint about any of the documents, a letter is to be submitted to Leslie Edgcomb, Consolidated Plan Coordinator, Montana Department of Commerce, P.O. Box 200545, Helena, Montana 59620-0545.

OTHER CITIZEN PARTICIPATION

Citizen participation responsibilities are also placed on program applicants and recipients at the local level. Applicants must provide citizens, especially low and moderate-income residents, adequate notice and opportunity for meaningful involvement in the planning and development of applications. All hearings must be held at times and locations convenient to potential beneficiaries and in a facility that is physically accessible for persons with a disability.

CDBG Program Requirements:

Unless re-applying for the same CDBG project submitted unsuccessfully in the previous year, the applicant must hold a minimum of two public hearings, one before preparing the application and one before passage of a resolution by the governing body authorizing the submission of the application. A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens are sufficient. The first public hearing should be held not more than twelve months before the date of application. The second public hearing should be held not more than three months before the date of application.

An unsuccessful applicant in a grant competition is required to conduct only one public hearing before re-applying in the following year for the same project previously submitted. The public hearing should be held not more than three months before the date of application.

The purpose of the first hearing is to inform citizens about the CDBG Program, the amount of funds available, how it may be used, the range of activities eligible for funding and other general program requirements, as well as to solicit public comment, particularly from low and moderate income people, on community needs and priorities for economic development, housing and public facilities, including the needs of low- and moderate-income persons. The first public hearing is intended to give citizens an opportunity to identify and discuss their community's needs and to propose projects before the local government makes a decision regarding what project it will apply for.

The purpose of the second hearing is to give citizens and other potential beneficiaries of the proposed project, adequate opportunity to consider the potential impacts and benefits of the community's proposed CDBG project and to comment on it before it is submitted.

HOME Program Requirements:

HOME Program applicants must provide citizens adequate notice and opportunity for involvement in the planning and development of HOME applications. Applicants must:

- Hold one public hearing, at a minimum, before submission of the application. The purpose of the public hearing is to solicit public comment on community housing needs and priorities and to discuss the HOME Program. A public hearing gives citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's HOME application before it is submitted. The public hearing must be held within two months of the deadline date of application.
- Submit a record of any public hearing held in relation to the application for HOME funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of the persons who attended and a summary of comments by local officials and citizens are sufficient.

ESG Program requirements: Prior citizen participation is not required.

AMENDING THE CONSOLIDATED PLAN

Possible amendments include changes in use of funds from one eligible activity to another, changes in the method of distribution of such funds, new activities, or alteration of the existing activities or budget. MDOC will make a determination as to whether the change is substantial enough to necessitate issuing an amendment to the Plan. If so,

MDOC will conduct a public review process with a minimum of one public review meetings and following the guidelines set forth above, present the amendment to the public for their review and comment. Other specific issues related to individual program guidelines are to be presented in the respective program application guidelines.

We make every effort to ensure our documents are fully accessible to persons with disabilities. Alternative accessible formats of this document will be provided upon request. Please contact the Montana Department of Commerce at 406-444-0092, or TDD 406-444-2798.

APPENDIX B

SUMMARY OF PUBLIC COMMENTS

APPENDIX B - SUMMARY OF PUBLIC COMMENTS

CITIZEN INVOLVEMENT

The following notification was provided to the public, announcing the availability of the Draft Annual Performance Report. The notification was mailed to approximately 850 interested persons and organizations and local governments.

PUBLIC REVIEW

MONTANA DEPARTMENT OF COMMERCE

FFY 2003 ANNUAL PERFORMANCE REPORT FOR PLAN YEAR APRIL 1, 2003 THROUGH MARCH 31, 2004

The following advertisement ran the week of May 16, 2004 in major newspapers statewide, including Billings, Bozeman, Great Falls, Helena, Kalispell, and Missoula.

Don't Be Left Out of the Loop

The Montana Department of Commerce is seeking public comment on its Consolidated Plan Annual Performance Report of the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs. Written or e-mailed comments are due by June 11, 2004.

The Plan details how your tax dollars are spent on community development projects for affordable housing, neighborhood revitalization, economic development, services to the homeless and services to those with special needs.

A second chance to comment is at a public meeting on Tuesday afternoon, May 25, 2004, at Carroll College, O'Connell Hall, Room 107, 1601 N. Benton Avenue, Helena, following the Montana Board of Housing Low Income Housing Tax Credit Program.

Send or e-mail written comments to:

Leslie Edgcomb, Consolidated Plan Coordinator
Montana Department of Commerce, Housing Division,
P.O. Box 200545, Helena, MT 59620-0545

E-mail: ledgcomb@state.mt.us

TDD: (406) 841-2702 • Fax: (406) 841-2821

The Plan is available at http://housing.state.mt.us/Hous_ConspPlanappls.html on or after May 21. For hard copies: Montana Department of Commerce, Housing Division, (406) 841-2820. Alternative accessible formats of this document will be provided upon request. The Montana DOC will make reasonable modifications for persons with disabilities who wish to participate in this public meeting. If you require an assistive device or person or another accommodation, contact the department by 4 p.m. at least five working days before the scheduled meeting about the nature of the accommodation you need. 



In addition, a memo with the following information was sent to the Consolidated Plan mailing list, which includes over 800 individuals and organizations.

The Montana Department of Commerce is seeking comments on the Consolidated Plan DRAFT Annual Performance Report for April 1, 2003 through March 31, 2004. This document will be open for public comment **May 21 through June 11, 2004**. Send your written comments on the draft report to:

Leslie Edgcomb, Consolidated Plan Coordinator
Housing Division
Montana Department of Commerce
P.O. Box 200545
Helena, MT 59620-0545
E-mail: ledgcomb@state.mt.us

In addition, a public meeting will be held late in the afternoon on Tuesday, May 25, 2004, in Helena at Carroll College, O'Connell Hall – Room 107, 1601 N. Benton Avenue, for the purpose of receiving comments on the draft Annual Performance Report. The public meeting is being held in conjunction with a workshop on the Montana Board of Housing Low Income Housing Tax Credit Program. (See page 2 for more information.)

The draft Report for plan year ending March 31, 2004 will be available on the Housing Division webpage at: http://housing.state.mt.us/Hous_ConsPlanappls.html on or after May 21. To request hard copies of the *Annual Performance Report*, please contact the Montana Department of Commerce, Housing Division at (406) 841-2820.

CITIZEN AND AGENCY COMMENTS

No comments were received concerning the draft Annual Performance Report for April 1, 2003 through March 31, 2004 during the comment period, which ended on June 11, 2004.

PART III
MONTANA STATE SUMMARY OF CONSOLIDATED PLAN
PROJECTS FOR REPORT YEAR 2003
IDIS Report Available upon Request

PART IV
HOME ANNUAL PERFORMANCE REPORT
(Available Upon Request)

PART V
CDBG ANNUAL PERFORMANCE REPORTS
P.E.R. and IDIS Formats – Available Upon Request

APRIL 1, 2003 TO MARCH 31, 2004

FINAL REPORT TO HUD

PART VI

ESG ANNUAL PERFORMANCE REPORT

APRIL 1, 2003 TO MARCH 31, 2004

FINAL REPORT TO HUD

EMERGENCY SHELTER GRANT (ESG)

ESG grants distributed to HRDCs throughout Montana supported shelters across the State, as well as direct services from HRDCs to ESG recipients. Actual funding received and used matched the funds anticipated. Five percent of funds were used to administer the program. The table below presents the distribution of funds for each HRDC.

2003 HUD EMERGENCY SHELTER GRANTS PROGRAM PERCENT DISTRIBUTION BY HRDC

Eligible Activities	AEM	DIST IV	DIST V	DIST VI	DIST VII	RMDC	DIST IX	DIST X	DIST XI	DIST XII
Renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless.	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Provision of essential services for the homeless (30% cap)	30%	30%	30%	0%	30%	18%	30%	30%	30%	0%
Payment of maintenance, operation, rent, repair, security, fuels and equipment, insurance, utilities and furnishings.	40%	56%	40%	0%	40%	82%	40%	40%	40%	100%
Developing and implementing homeless prevention activities.	30%	14%	30%	100%	30%	0%	30%	30%	30%	0%

The Emergency Shelter Grant Financial Status Report for the period covered 4/1/2003 - 3/31/2004 was not provided.



U.S. Department of Housing & Urban Development

Annual Community Assessment

April 1, 2003 – March 31, 2004

U. S. Department of Housing and Urban Development



Community Planning and Development

Region VIII, Denver
633 17th Street
Denver, Colorado 80202-3690

Phone: 303-672-5414
Fax: 303-672-5028
Web: www.hud.gov

Mr. Bruce Brensdal
Administrator
Housing Division
301 S. Park Ave., 2nd Floor
Helena, MT 59601

RECEIVED

AUG 10 2004

AUG 16 2004

MBOM

Dear Mr. Brensdal:

Community Planning and Development (CPD) is striving to strengthen its working relationship with our State and local government partners to help achieve greater results in meeting the housing and community development needs of our low- and moderate-income customers. One of our important responsibilities in this ongoing process is the periodic assessment of your accomplishments and performance in the administration of funds provided by CPD and in meeting key program and Departmental objectives, as mandated by the statutes governing these programs.

We are conveying to you with this letter our current draft Annual Community Assessment. As explained in more detail below, you have the opportunity to provide us with your review and comment on this draft Annual Community Assessment.

Assessment Highlights

The State of Montana continues to do a good job of meeting the needs of the low- and moderate-income residents and communities throughout the state. The change made in the state's grant application cycle has ensured that funds are available to the sub- recipients in a timely manner.

The CAPER is well written and contains a vast amount of information on programs to meet the state's goals for decent housing, suitable living environment, expanding economic opportunity and assisting communities along with the various sources of funding utilized to accomplish the state's goals.

We encourage the State of Montana to continue to strive for accuracy in IDIS reporting and to utilize IDIS reports for CDBG, HOME and ESG programs to correct errors in a timely manner.

Background

The provisions of the Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require the annual submission of performance reports by grant recipients and a determination by HUD that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs. The Department now conducts a comprehensive performance review of your overall progress at least annually, as required by the statutes and the rules governing the Consolidated Plan (24 CFR § 91.525). The review consists of the information in your most recent Consolidated Annual Performance and



review consists of the information in your most recent Consolidated Annual Performance and Evaluation Report, as well as all other information available on performance and compliance. This assessment not only meets the mandates of the statutes, but also provides a basis for working together collaboratively to further the achievement of your local housing and community development goals, as well as meeting key program and Departmental objectives.

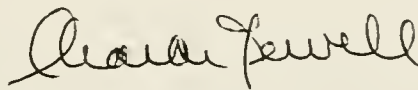
Review and Comment

You have the opportunity to provide us with your review and comment on the Draft Annual Community Assessment. Please provide any review and comment within 30 days of the date of this letter. We may revise the Assessment after considering your views. If we do not receive any response by the end of the 30 day period, the Draft Annual Community Assessment will become final without further notice.

The final Annual Community Assessment must be made readily available to the public. You can assist us in this regard by sharing the Final Annual Community Assessment with the media; with a mailing list of interested persons; with members of your advisory committee; or with those who attended hearings or meetings. You must also provide a copy of the final Annual Community Assessment to your independent public auditor. HUD will make the final Annual Community Assessment available to the public upon request and may provide copies to interested citizens and groups.

If you have any questions, please do not hesitate to contact me or Renae Blair, Community Planning and Development Representative. We can be reached at (303) 672-5414.

Sincerely,



for Guadalupe M. Herrera
Director
Community Planning
and Development

Enclosure

U. S. Department of Housing and Urban Development



Community Planning and Development

Region VIII, Denver
633 17th Street
Denver, Colorado 80202-3690

Phone: 303-672-5414
Fax: 303-672-5028
Web: www.hud.gov

ANNUAL COMMUNITY ASSESSMENT SUMMARY

JURISDICTION – State of Montana

PROGRAM YEAR START - April 1

PERIOD COVERED BY ASSESSMENT- April 1, 2002 through March 31, 2004

PART I. CONSOLIDATED PLAN ASSESSMENT

Consolidated Plan Strategies.

The State of Montana's Consolidated Annual Performance Evaluation Report (CAPER) provides good detailed information on how activities, funded through Community Development Block Grant (CDBG), HOME Investment fund and Emergency Shelter Grant, as well as numerous other funding sources, are consistent with strategies provided in the state's 5 year Consolidated and Annual Action Plan. The State of Montana's goals as outlined in the consolidated plan are:

- Secure decent housing
- Providing a suitable living environment
- Expanding economic opportunities
- Assisting communities with their greatest community development needs, whether in area of housing, economic development or public facilities

The Executive Summary portion of the CAPER clearly lists the objectives and goals developed through input from public and private citizens to meet each of the state's goals and the actions the state implemented toward meeting the objectives during the reporting period. Some of the objectives/goals listed are:

- Relieve the shortage of available housing stock
- Simplify housing assistance programs
- Employee training under the CDBG Economic Development Program as an eligible project activity for new and expanding businesses that create additional jobs.
- The Housing Resource Directory that provides an overview of housing programs and contact information for federal, state, and local agencies.
- Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans.

- Administer technical assistance planning grants to assist communities with housing, public facility, and economic development planning activities.

The State of Montana awards CDBG funding through an annual competition for each category: planning grants, public facility grants and housing grants. The recent change in the state's funding cycle has ensured that grant awards for the current CDBG funding year are made immediately upon notification of the state's funding availability. A description of each CDBG funded activity in the categories of economic development, public facilities and housing project, including other funding sources, is listed in the CAPER on pages 28 through 41.

Conclusion

The State of Montana is commended for the change made to the grant application cycle and thus guaranteeing that CDBG funds are expended in a timely manner. The state continues to do a good job of providing detailed information via the CAPER on the various activities funded by federal and state programs for the benefit of primarily low- to moderate-income residents. Pages 26 through 41 provide a description of each CDBG funded activity in category of economic development, public facilities and housing projects. The activities are consistent with the consolidated plan strategies.

Of particular interest is the Housing Resource Directory. The Housing Resource Directory includes overview descriptions of federal, state, and local housing programs throughout the state with contact information. The CAPER also includes a helpful list of documents available through the Montana Department of Commerce to the public on information related to housing, infrastructure, and economic development requirements

Leveraging of Resources.

Some of the examples of the leverage provided in the CAPER are:

- CDBG funds awarded in 2003 as Public Facility Grants to local city and county governments totaled \$5,195,148 and the leveraged dollars provided through other federal, state and local funds totaled \$12,028,330.
- CDBG funds awarded for economic development throughout the state in 2003 totaled \$1,912,800 and leveraged funds totaled \$79,416,246 or more than 40 leveraged dollars to 1 CDBG dollar awarded.

Conclusion

The State of Montana does a good job of providing leverage for the state CDBG programs. Leverage is provided through a variety of state funded programs as well as from other federal and local sources.

Progress in Implementing Goals and Objectives.

Affordable Housing

Page 38 of the CAPER indicates that \$452,000 was allocated from the 2003 CDBG funds to the Town of Medicine Lake to rehabilitate 27 substandard homes owned by persons of low- to moderate-income and on pages 40 through 41 the 2003 HOME awards included:

- Homebuyer assistance for low-income households and homeowner rehabilitation
- New construction of rental units for low-income and disabled tenants
- New construction of single-family homes for purchase by low-income first-time home buyers
- Acquisition of a 60-unit senior rental housing
- Tenant based rental assistance for 10 mentally ill adults

Conclusion

The affordable housing information provided in the CAPER indicates a variety of programs funded through CDBG and HOME funds for the purpose of providing affordable housing. Information is also provided on state funded projects through the Montana Board of Housing Programs. These programs include the:

- Single Family Bond Program that provides below market rate funds to purchase existing housing or new construction for primarily first time homebuyers.
- Mortgage Credit Certificate Program that allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit and the remaining 80 percent continues to qualify as an itemized deduction.
- Disabled Accessible Affordable Homeownership Program for persons with disabilities to acquire affordable, architecturally accessible homes.
- MBOH Elderly Program helps elderly citizens, 68 years of age or older that are income eligible, to use their home equity to make repairs or improvements.

Conclusion

The State of Montana continues to successfully address affordable housing needs.

Homelessness

Assistance for the homeless in Montana is addressed primarily through the statewide continuum of care coalition and supported with contract services from the Montana Department of Public Health and Human Services. It is stated in the CAPER "the coalition strives to achieve improved coordination and leverage of existing resources and programs, the majority of which come through the Montana Department of Commerce Housing Division and various divisions of the Montana Department of Public Health and Human Services." The continuum also facilitates the application for federal grants through McKinney-Vento Act funding as well as conducting an annual statewide survey of the homeless population and annual statewide inventory of homeless resources.

The State of Montana receives Emergency Shelter Grant (ESG) funding. The ESG program is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living. ESG funds are distributed primarily to the individual District Human Resource Councils in Montana for support of homeless shelters.

Conclusion

The State of Montana appears to be doing a good job of providing assistance to homeless persons and families through the coordination of services by the statewide coalition of homeless providers in the Continuum of Care Coalition, Department of Public Health and Human Services and the Department of Commerce. The annual update of the homeless population and statewide available resources to assist the homeless provides the state with current data to be able to assess the changing needs of the homeless population.

Economic Opportunity

The CAPER provides information on pages 26 through 28 on how 2003 CDBG grant funds were utilized for economic development projects. The information includes the name of the locality, company and the amount of awarded CDBG funds as well as a list of other funding sources for the project. The information also provides the projected number of new and/or retained jobs and the number of jobs that will be available to low- and moderate-income persons. Based on the information provided, 125 new jobs will be created with 75 jobs designated for low- to moderate-income persons.

Conclusion

The State of Montana continues to provide funding and technical assistance to promote economic opportunity through the creation of new jobs and in particular jobs designated for low- and moderate-income persons. Grants funded in part with CDBG funds or the Governor's Discretionary Fund, under the Workforce Investment Act and the Department of Labor and Industry offer training opportunities for employees, which aides in an increase of economic opportunity for those employees.

Progress Toward Meeting Statutory Purposes.

Program Evaluation

The statutory purposes of providing decent housing, a suitable living environment, and economic opportunities is evident through the variety of programs and activities funded through federal and state resources and reported in the CAPER. Some actions taken by the State of Montana to meet the statutory purposes are:

- The Montana Department of Commerce created a Housing Coordinating Team (HCT) with persons who work with state and federal housing programs and nonprofit organizations that finance, regulate or provided housing related services. HCT goals are to increase

coordination between the various housing agencies and programs, identify areas where there are impediments to affordable housing development, improve access to housing programs through education, and improve service delivery to funding recipients.

- The state reports that it has certified 31 Community Housing Development Organizations (CHDOs) thereby increasing the state's nonprofit housing development capacity that in turn helps with the development of housing for low- and moderate-income housing. During the program year beginning April 1, 2003, Montana awarded 28% of the state's HOME grant funds to CHDOs.
- Homeless housing assistance, provided primarily through non-profits and funded in part through grant funds acquired through the Montana Continuum of Care Coalition, has produced 148 new permanent and 102 transitional housing units. The Continuum annually updates the inventory of resources available to meet the needs of the homeless and coordinates state homeless providers efforts to leverage and maximize resources.

Conclusion

The State of Montana is meeting the statutory purposes through the leveraging of numerous funding sources including the Community Development Planning Grant, HOME, and Emergency Shelter Grant funds and by coordinating financial and human resources available through the various state and federal agencies and for-profit and non-profit organizations.

On September 3, 2003, the Department issued a Notice on the subject of Performance Measurement Systems for CPD Formula Grant Programs. A copy is enclosed with this Assessment. The Notice encourages grantees to develop and use performance measurement systems, and provides guidance on measuring program outcomes. In addition, the Notice states that your next CAPER should include information about your performance measurement system as part of the narrative section on Self-Evaluation.

PART II. PROGRAM ASSESSMENT

Eligibility of Activities

The State of Montana's activities for the program year 2003, appear to be eligible under 24 CFR 570.200(a)(3)(i) and 570.205(a)(4)(iv) for the cost of administration and planning; 570.201(c) public facilities and improvements and 570.201(e) public services.

Program Beneficiaries

Regulations for CDBG funded activities require that a minimum of 70% of the funds be used to benefit low- and moderate-income persons, excluding eligible costs for administration and planning.

The State of Montana's CDBG Financial Summary (PR26) for Program Year 2003 indicates that over 89% of the grant funds were expended on activities for the benefit of low- to moderate-income residents and exceeded the regulatory requirement.

The Home Lower Income Benefit report (IDIS PR16) indicates that 98.1% of completed HOME-assisted rental activities benefit very low-and and other low-income renters (0% - 60% of area median income (AMI)). This exceeds the regulatory requirement of 90% benefit for very low- and other low-income renters. Also as required, 100% of completed HOME-assisted rental activities and homeownership activities benefited persons at or below 80% AMI.

Timeliness

The IDIS report "HUD Grants and Program Income" PR01, indicates that the State of Montana is in complete compliance with regulations requiring that HOME funds be committed within 2 years and disbursed within 5 years as stated at 92.500(d)(1)(B)&(C). All of the state's HOME funds are committed through program year 2002 and HOME funds are 100% disbursed through program year 2001.

Regulations at 576.35 require that the state must make available to its recipients all Emergency Shelter Grant (ESG) funds within 65 days of the date of the grant award by HUD. Regulations also require that the state must have its grant funds obligated within 180 days of the date on which the state made the grant amounts available to the recipient and that all of its ESG grant funds must be expended within 24 months of the same date. The State of Montana's ESG funds are 100% obligated through program year 2003 and 93% of the 2003 funds have been disbursed. Clearly, the State of Montana is in compliance with ESG timeliness regulations.

Program Limitations

Regulations at 570.201(e)(1) require that the amount of CDBG funds used for public services not exceed 15% of each grant. The State of Montana does not use CDBG funds for public service activities.

Administration and planning costs are limited to 20% of the sum of any grant plus program income as provided in regulations at 570.200(g). According to the CDBG Financial Summary for Program Year 2003, Montana expended 9.88% for administrative purposes, well below the statutory cap.

HOME program regulations require 15% of the grant be committed to Community Housing Development Organizations (CHDOs). The IDIS report PR27 (Status of HOME Grants) shows that for program year 2003, Montana committed 25% of the HOME funds to CHDO activities and exceeded the requirement by 10%.

Emergency Shelter Grant regulations require a cap on expenditures for essential services and homeless prevention activities of 30% each and administrative expenses at 5%. The IDIS report, PR20, shows that the State of Montana is within the regulatory requirements with 25% committed for homeless prevention, 22% committed for essential services and 5% committed for administration of the 2003 grant.

Citizen Participation

Appendix A (Public Review Process) of the CAPER provides information on actions the State of Montana implements to encourage citizen participation in development of the state's Consolidated and Action Plans. Citizen participation is also encouraged by requiring program applicants and recipients at the local level to provide residents, especially low- and moderate-income, adequate notice and opportunity for meaningful involvement in the planning and development of applications.

Montana is meeting the requirement of citizen participation as stated in the regulations at 24 CFR 91.115.

Grant Management and Monitoring

From the information provided in the CAPER, it appears the state is doing a good job of monitoring sub-recipients and is following regulations at §91.330. State staff monitor CDBG, HOME and ESG projects for program requirements with the use of monitoring tools and checklists developed specifically for each grant.

Civil Rights

Specific activities outlined in the CAPER to educate and increase awareness of the Fair Housing Act include:

- Distribution of the Analysis of Impediments to Fair Housing and Montana Fair Housing posters at workshops or to individuals and organizations, including successful grantees, upon request.
- Spearheading the Fair Housing Steering Committee and in the development and distribution of the Fair Housing Advertising Guide for Montana.
- Participation in the Sixth Annual Fair Housing Faire in Great Falls and the Montana Fair Housing's annual conference.
- Continued fair housing education of state staff through attendance at the Promoting and Preserving Equal Opportunities in Housing workshop and the satellite and/or web cast of Accessibility for People with Disabilities in Public and Assisted Housing.

The State of Montana continues to do a good job of providing or participating in fair housing educational opportunities and in the development and distribution of fair housing materials to help increase awareness of regulatory civil rights and fair housing requirements.

Match

Regulations require that 25% of HOME funds drawn down during a program year, excluding funds for administration, be matched with non-federal funds. According to the CAPER, the match liability for 2003 HOME activities was provided through the current year and excess match funds from previous years. Montana has match funds in excess of 8 million dollars from previous years and is well within the regulatory requirement.

The ESG program requires a 1 for 1-dollar match for activities. The CAPER states "The ESG program verifies that required match is documented by contracted agencies." As noted in the program year 2002 assessment: **"future CAPERs should have a description of what the ESG match dollars are and how much match there is."**

The State of Montana requires matching funds for CDBG dollars used for economic development at a 1 to 1 ratio and requires local governments to provide at least 25% match for CDBG funded public facilities projects. The state match requirement for economic development and facilities projects enables the state to provide more funds to a variety of statewide projects and to help ensure accountability of local governments.

Reporting Requirements

The CAPER for program year 2003 was received on July 1, 2004, on time and complete. IDIS reporting, for the most part, appears accurate and required corrections of ESG data were made in a very timely manner during the current CAPER review process.

Other Applicable Laws

No reported activities fall within the one for one replacement requirement of housing or displacement.

Special Responsibilities Under HOPWA (where applicable)

The State of Montana through the Department of Health and Human Services provides administrative oversight for the Tri- State HOPWA grant. The grant is a partnership with the states of South Dakota and North Dakota and allocated among four regional private agencies. Funds for the grant provide tenant-based rental and emergency assistance as well as other services and resources for persons with HIV/AIDS and their families.

PART III. EVALUATION AND CONCLUSIONS

A. OVERALL EVALUATION

The State of Montana continues to do a good job of meeting the needs of the low- and moderate-income residents and communities throughout the state. The change made in the state's grant application cycle has ensured that funds are available to the sub-recipients in a timely manner.

The CAPER is well written and contains a vast amount of information on programs to meet the state's goals for decent housing, suitable living environment, expanding economic opportunity and assisting communities along with the various sources of funding utilized to accomplish the states' goals.

We encourage the State of Montana to continue to strive for accuracy in IDIS reporting and to utilize IDIS reports for CDBG, HOME and ESG programs to correct errors in a timely manner.

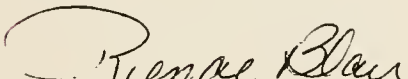
B. CONCLUSIONS AND FINDINGS

Community Planning and Development, Rocky Mountains, Denver, has reviewed available facts and data pertaining to the performance of the State of Montana for its Consolidated Plan and the formula Community Planning and Development Programs specified in that Plan (Community Development Block Grant, HOME Investment Partnership, Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS) during the period specified above. Based on the overall review record and the information summarized above, CPD makes the following findings:

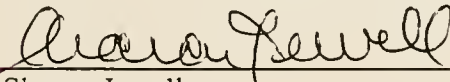
1. During the period specified above, State of Montana has carried out its program substantially as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations, except as may be noted above.
3. The State of Montana has the continuing capacity to carry out its approved program in a timely manner.

PART IV. APPROVAL

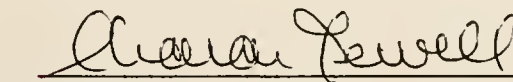
SUMMARY PREPARED BY

		8/10/04
Renae Blair	CPD Representative	Date

REVIEW AND CONCURRENCE

		8-10-04
Sharon Jewell	for Program Manager	Date

APPROVAL

		8-10-04
for Guadalupe M. Herrera	Director CPD	Date

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